Monday July 8 1985

Spanish arrest 18 Eta suspects

World news

auction assets

Spanish police arrested 18 suspected Eta exembers in what Bilbao aution its 35 per cent stake in T-Block, thorities believe is a severe blow to which contains one of the North

the guerrilla organisation.
One of those arrested was Felix
Zabarie, leader of one of the group's commando units, who was suspected of involvement in 16 murders. Zabarte was stopped in a stolen car

Police claimed to have discovered eight hideouts, a jail for kidnap victims and an arsenal of automatic weapons, hand grenades and other explosive devices. Eta violence has this year claimed 22 lives.

Ex-premier held

Guinea's President Lansana Conte said that ex-premier Diarra Traore, who led Thursday's attempted coup, had been arrested. The attempt is thought likely to prompt economic reforms. Page 3

Post for Eanes

Portugal's new Democratic Renewal Party plans to make General An-tonio Eanes its leader after he stands down as President in Janua-

Nimeiri trial

Sudan says it will try ex-president Jaafar Nimeiri "for crimes and oppression" in his absence if Egypt does not agree to extradite him.

Football inquiry

gium after a parliamentary committee report on the death of 38 foot-ball supporters at the Liverpool-Ju-ventus match in Brussels in May. Opposition parties have tabled a limit.

claims to be electoral fraud. Army and police units dispersed them from most of the towns. Page 16

New prosecutor

Iran has nominated as prosecutorgeneral Mohammad Musavi Khoen-iha, leader of the militant students who overran the U.S. embessy in Tehran in 1979.

Lebanon attack

Israeli troops staged a dawn search of a Shia Moslem village in south-era Lebanon after a bomb attack on Israeli-backed militiamen. Shias kill 25

Alghan Shias killed 25 people when they opened fire on police trying to block a banned march in the Pakistan city of Quetta.

Tehran bomb

Four people were injured by a small bomb in Tehran, the fifth explosion in the Iranian capital this year.

Diaries verdict due

A verdict is due today in the 11-month Hitler diaries trial of a German journalist and a Nazi memorabilia dealer who admits forging the 60-volume diaries bought by the West German weekly magazine

Vietnam dead Vietnam will hand over the remains of 26 more Americans listed as missing in action from the Vietnam

Becker triumph

West German Boris Becker became the youngest Wimbledon men's champion beating American Kevin Curren 6-3 6-7 7-6 6-4. The 17-year-old from Leimen, near Heidelberg, clinched the singles victory after over three hours of play.

Piquet victory

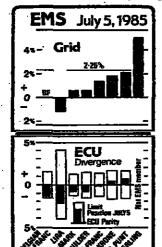
Prix at Le Castellet.

Nelson Piquet (Brazil) driving a Brabham won the French Grand

Business summary. Phillips to N. Sea oil

Sea's largest undeveloped oil re-serves. The sale, which will raise between \$160m and \$200m, forms part of a plan by the U.S. oil group to raise \$2bn by asset disposal to fund reconstruction used to fend off Mr T Boone Pickens, the U.S. corporate raider. Page 16

KUROPEAN Monetary System Most currencies showed a small decline over the week in relation to their central rates in very quiet trading. Volume failed to pick up



Political tension has risen in Beiof U.S. markets also inhibiting trading. The Belgian franc remained the weakest member, reversing the previous week's gains but staying comfortably within its divergence

cy's divergence from its central rate against the European Curren-cy Unit (ECU), itself a basket of Eu-

FF ORDINARY share index will be calculated on a real time basis from today with adjustments made each time one of its 30 constituent stocks changes price. Page 8

EEC COMMISSION is preparing partial return of free market for European steelmakers with proposals that will lift minimum price con-trols but continue, albeit reduced, production quotes. Page 4

U.S. TREASURY is expected to make a recommendation later this month on the controversial issue of

unitary taxation. Page 16 PEKING has banned state purchases of motorcycles, cars, sofas and other luxury items for at least the next six months because official

spending has soared out of control this year. Page 3. EUROBOND traders were taken by surprise when an unexpected surge in New York bonds following the In-dependence Day holiday brought both primary and secondary mar-

kets to life, Page 17 EURONOTE business continued to surge in the first half of this year with new facilities worth \$18.7on signed against \$17.4on for the whole of 1984, according to latest

figures. Page 17 U.S. CONGRESS is poised to impose sanctions on South Africa as the Republican-led Senate is pre-paring legislation that will rebuff President Reagan's more cautious approach to the apartheid policies of Participants

of Pretoria BERT LANCE, former head of the U.S. Office of Management and Budget in the Carter Administration, has resigned as chairman of the Georgia Democratic Party in order to fight new allegations of im-

casting businessman who is trying to take over CBS, has attacked the television network's plan to buy back more than a fifth of its shares. Page 17

Opec ministers fail to agree on cuts in quotas

BY RICHARD JOHNS IN VIENNA

MINISTERS of the Organisation of made by some members. Nigerian der the 16m b/d ceiling. Most mem-Petroleum Exporting Countries objections will be weakened by the comparison of the objections will be weakened by the comparison of the Organisation of the Organisatio a lower collective production ceiling on an interim basis for the third quarter of this year although they claimed progress towards one. The output ceiling for all 13 members is at present pegged at 16m barrels a day (b/d).

The kind of reduction being considered was understood to be less

Three members - Nigeria, Iraq contemplate pro rata reductions in their quotas. Algeria, however, also had reservations despite the fact that it and Iran have been foremost in calling for a lower maximum lim-

Dr Tam David-West, the Nigerian Minister of Oil, made it clear to reporters that he had no mandate to agree to his country's quota being is, agreed that there should be no reduced. Someone else will have to cut in official selling rates even if pick up the tab," he said.

There had been optimism last night that agreement showing re-cognition of market realities would be reached. The hope was for a mitment to observation of official prices as well as output res-traint, so that the remorseless fall of spot prices would be arrested. of spot prices would be arrested.

Clearly, if agreement is to be reached, concessions will have to be with the 4.35m b/d allotted to it un-

its 1.3m b/d quota.

An adjournment looked inevitable last night so that ministers

than 10 per cent, equivalent to 1m and Ecuador - were reluctant to b/d. This would have brought the ceiling closer to actual current de-mand which is reckoned to be run-

ning at little more than 14m b/d. However, the level has been depressed by seasonal factors and buyers holding back in anticipation of a further slide in spot market

Members, including Saudi Arabonly about 25 per cent of Opec exports are priced in this way. (These are mainly from the Kingdom.) Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, last night had

not revealed his country's minimum A month ago, Sheikh Yamani in-

than 2.5m b/d because it has been rigorously observing selling rates.

Nevertheless, Sheikh Yamani contrary to some predictions, has not pressed in Vienna for a cut in the prices of the heavy crudes on a scale likely to boost Saudi exports through revived sales to U.S. companies - its main concessionaires.

Saudi Arabia's assumed readiness to comply with output reduc-tions would seem to leave the main problem of how the diminishing cake would be redivided.

Earlier, Dr Subroto, the Indonesian chief delegate, said "from discussions it transpires that the price will remain unchanged and malpractices which have occurred in marketing will be eliminated." This was thought to refer to the dis-counts offered by nearly all members in various forms.

Dr Subroto indicated that the members could arrive at a floating ceiling which would be adjusted on a quarterly basis.

North Sea auction, Page 16

Key Fed committee faces vital economic decisions

BY STEWART FLEMING IN WASHINGTON

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system. Mexico's right-wing opposition National Action Party blockaded polling offices in protest against what it relates to be also by a placehoral feared and the super grid, based on the weakest currency in the system. Mexico's right-wing opposition National Action Party blockaded polling offices in protest against what it relates the correct policy-making open market committee (FOMC), which meets today, and the super control of the U.S. economy in the months ahead are facing the Federal Reserve Board's key monetary policy-making open market committee (FOMC), which meets today, certain economic outlook and the super control of the U.S. economy in the months ahead are facing the Federal Reserve Board's key monetary targeting.

Even as the FOMC meets, congressional budget policy-making will begin again to try to resolve the minutes (FOMC), which meets today, certain economic outlook and the superior makers will be a key policy-making open market committee (FOMC), which meets today, certain economic outlook and the superior makers will be a key policy-making open market committee (FOMC), which meets today, certain economic outlook and the superior makers will be needed to make the two constraints and the two constraints are inspections.

Even as the FOMC meets, congressional budget policy-making open market committee (FOMC), which meets today, certain economic outlook and the superior makers will be a key policy-making open market committee. and leaders of the U.S. Congress, which reconvenes after the Inde-

pendence Day holiday. High on the list of congressional the Congress's summer recess federal budget deficit expected in

The FOMC will meet amid fears that U.S. output grew more slowly sure growing well above target, the and which achieves the bulk of its in the second quarter than the real Fed will have to consider what Mr savings from "accounting gim-

problem posed by the strength of the dollar. FOMC members are also expect-

ed to reassess the central bank's and White House priorities before 1985 monetary targets and debate tentative new targets for 1986 prior forts to try to break the deadlock over rival plans to cut the \$200bn federal bridge definition for the superance by Mr Paul Congress to discuss the discussion of the superance by Mr Paul Volcker, the Fed chairman, before cy on July 17.

With the M1 money supply meain the second quarter than the real Fed will have to consider what Mr savings from "accounting gim-annual rate of 3.1 per cent predicted Volcker should tell Congress about micks" and "raiding the national de-

Congressional leaders will be re-turning to Washington amid signs that President Ronald Reagan will be taking a more active part in their budget negotiations. The President devoted his radio broadcast on Saturday to the budget deficit, attacking the Democratic Party's budget plan as a proposal that "could win a prize for creative book-keeping"

reductions in the federal Government's \$200bn-plus budget deficit.

AT&T to open first overseas plant in **Singapore**

By William Hall in New York

AT&T, the giant U.S. telecommunications group, is to establish its first wholly-owned overseas factory in Singapore and will transfer the production of residential telephones from Louisiana to the new unit, which will employ 1,000 workers.

The company says that it is part of its strategy to move the company into "global markets for the move-ment and management of information." It is necessary if the group is to reduce costs and remain competitive in the domestic and interna-tional market for residential telephones. AT&T says that it picked Singapore because "the Government is committed to quality pro-

duction as is AT&T." Several AT&T products, such as nswering machines and cordless products, are already made for the company in F2r Eastern countries but the Singapore venture is the first time the company has built a production unit outside the U.S. where, until its breakup last year, it had dominated the telephone mar-

The company also announced on Friday that it will lay off 875 work-ers at its plant in Shreveport, Louiers at us plant in since produces siana, where it currently produces both residential and business telephone sets. The company says that the planned layoffs, which are scheduled for this week, are the result of market conditions and, as such, are not directly related to the

Singapore plans. Mr William J. Warwick, AT&T's group vice-president for consumer products, said: The planned Singapore facility is a natural extension of our current use of offshore manufacturers to produce some of our residence products."

The Singapore factory will be formed under a wholly-owned sepa-rate subsidiary called AT&T Consumer Products Private which will be headed by Mr Walter Orth, who is currently on the group's manufacturing planning staff at its consumer products headquarters in Parsippany, New Jersey. It will occupy a 135,000 square foot building keep inflation coming down further. ment. The cost of the investment is | rates at a later stage, then of course estimated at \$30m.

AT&T will move into its new factory later this month and as production is phased in over the next 18 months all home telephone manufacture at AT&T's Shreveport plant will be phased out. Some 650 of the 6,400 employees at Shreveport make home telephones.

Last year sales of home tele-phones in the U.S. jumped from 17m in 1963 to 23m. The industry is expected to sell about 23m tele- preted as heralding a significant

UK industry renews attack on Thatcher

BY JOHN HUNT AND ANATOLE KALETSKY IN LONDON

INDUSTRY LEADERS in Britain have renewed an assault on the ecocomic policies of the Thatcher Government. They have demanded from Mr Nigel Lawson, Chancellor of the Exchequer, a cut in interest rates and say they want a reduction "sharply and soon."

The Confederation of Emish Industry (CBI), the employers' body, said action to bring down interest rates and to ease sterling was needed if the UK was to maintain its competitiveness in world markets. A statement from the chairman of the CBI's 13 regional councils said the Government's "excessiver caution" would only damage job prospects and the economic re-

The CBI's attack came during a veekend in which the Government's economic strategy was put under closer than usual scrutiny and criticism. This followed a crushing defeat for the Conservatives in the by-election at Brecon and Radnor, where the Liberal candidate won the seat and overturned a Tory majority of 8,784 at the 1983 general election. The Labour Party came second, forcing the Tory candidate into third place. The Brecon result was widely in-

terpreted as the voters' verdict on Tory polices. Mr Lawson yesterday firmly denied that there would be a Government U-turn in economic policy as a result of the party's byelection blow.

He rejected the CBI's interest rate demands and emphasised that control of public expenditure and a reduction in the inflation rate had to be given priority.

Mr Lawson also insisted that the
Government would be able to keep

its promise to make cuts in income tax during the lifetime of the present parliament. "Company profits are higher than for a long time," he said in a BBC radio interview when he was asked

about the CBI statement. "Interest rates will have to be

this will be done." Mr Lawson also clarified a day in which he said the Govern- mons, who will argue that tax cuts

savings it was prepared to spend to be changes of substance in Gov-more where it was needed. His ernment policies, particularly speech in which he made no mention of tax cuts, was widely inter-

change in Government policy.

Britain's National Coal Equal is to begin a massive programme of closure of exhausted and uneconomic pits with the aim of cutting about 30m tonnes of capacity over the next four years. The beard is also to begin talks with the breakaway union formed by leaders of 27,660 Notwhom worked during the recent year-long strike - with a view to paying them a premium over other miners. Page 18

His rejection of this interpreta tion yesterday will be greeted with some scepticism at Westminster. MPs are likely to see it as yet another example of the Covernment giving confusing signals about its

economic policy.

Explaining his use of the term the middle way" he said that sensible savings could be made within firm overall control of public expenditure. But the Government would be spending more money "deliberately and carefully" in areas such as defence, law and order, the

health service and education.

There would, however, be no "public spending spree." The Government would continue to spend less on "handouts" to nationalised industry, council house building, the Common Market and bureauc

"There is no U-turn at all," he said. "The strategy continues exactly as it has always done. It is a com-monsense policy within firm overall

Despite these words there is no doubt that the by-election setback will have strengthened the hand of the "consolidators" in the Cabinet when it meets on Thursday to consider public spending for 1986/87.
It will discuss whether the spending target of £139bn (\$182bn) can be confirmed in the light of bids from

departments for an additional S6bn.

In the light of the unpopularity of cuts shown during the by-election cupy a 135,000 square foot building keep inflation coming down further. campaign spending ministers will leased from the Singapore govern- If we are able to reduce interest find it easier to defend their builgets against Treasury pressure. It "consolidators" such as hir John speech he made in Oxford on Satur- Biffen, Leader of the House of Comment would continue to follow the cannot be made at the expense of "middle way" on public expendicuts in public services.

Yesterday a leading Tory moder-While the Government sought ate, Sir Ian Gilmour, said there had spending on capital projects, in or-der to reduce unemployment.

Continued on Page 16

by the Government last month and the excessive growth of money and Montedison pays L200bn for

(\$100m). The deal, which has amazed Italy's business community, marks the return of Montedison to ownership of interests in insurance and finance which it ceded to the Bonomi ran into financial difficulties in the

on's chairman, is due to meet Sig Lombardfin eventually amassed Franco Piga, head of the Consob, 38 per cent of Bi-Invest, putting the the stock exchange regulatory auBonomi family with its 30 per cent

leading merchant bank, and Lucchi-

Sig Carlo Bonomi, BI-Invest on say that Montedison became inservices and property concern BIInvest, formerly controlled by the
Bonomi family, for over L200bn

Seg value Bonomi, B1-invest on say that Montedison became inthe chairman, is still set to hold an extraordinary shareholders' meeting chase operation was complete.

Montedison agreed to buy the shareholders for authorisation for the company to buy more shares in regain control

Montedison agreed late on Friday to acquire the 38 per cent stake in Bi-Invest that had been discreetly built up over the past few weeks by 1970s.

The transaction also means that headed by Sig Francesco Micheli Montedison is acquiring control of Lombardim had consistently reone of its principal shareholders. BI-Invest is a partner in Gemina, the consortium that controls Monte-linear characteristics.

Both Lombardfin and Montedis-

Lombardfin stake through Iniziative Meta, a subsidiary that controls

So far, Montedison has not officially explained why it wanted to take control of Bi-Invest. Two explanations that have been put forward are that the attraction of the financial and insurance interest controlled by Bi-Invest was selfexplanatory, and that Montedison wanted to be sure that Bi-Invest's stake in Gemina and therefore in Montedison itself did not fall into undesirable hands.

controlling stake in BI-Invest MONTEDISON, the large Italian clude Fiat, Pirelli, Mediobanca, the tion to carry out a considerable fi-

BY JAMES BUXTON IN ROME

private-sector chemicals group, has lea acquired a controlling 38 per cent ni. stake in the insurance, financial

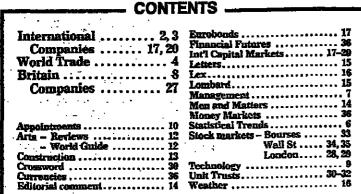
itself, in order for the Bonomis to its interests in sectors not directly

lison. Invest shares to record levels and cost at least L200bn.

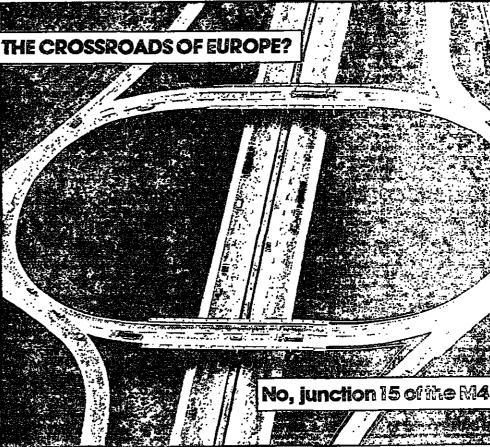
connected with chemicals.

The deal shows the new selfconfidence of Montedison, which der to fight new allegations or improper business practices at the Calhoun First National Bank of which he is chairman. Page 3

the stock exchange regulatory authority, today to explain how he plans to deal with the potential conflict of interest under which Montes on its own initiative, with the intended of insurance and finance. last year came near to break-even ny, BI-Invest, which itself owns 17.4 tion of selling it back to the Bono- gest group of insurance and finanper cent of Gemina, the holding mis at a profit. When there were no company that has the controlling initial signs of opposition from the to sell to the Bonomi family as its 17.11 per cent stake in Montedison
Other Gemina shareholders inand realised that it was in a posigreater difficulties.



Management: how BMW After Milan: the case for Technology: armies home in Lombard: UK jobs - not yet Editorial comment: West Lex: boiling oil for world Germany; UK auditing ... 14 chip-makers 16 Sweden and Switzerland: Trinidad and Tobago: small is beautiful 14 Survey Section III



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French Socialists settle row between Fabius and Jospin

BY PAUL BETTS IN PARIS

Laurent Fabius, the Prime Minister, and M Lionel Jospin, the party's first secretary, at a special session of the party's executive committee at the

But the agreement has not removed the underlying fric-tions and disagreements between the various factions of the party over the strategy for next year's parliamentary elections when the Socialists are expected to lose 100 or more

scats.
The party holds a comfortable majority in the National Assembly of 285 out of 491

The dispute crupted a few weeks ago when M Jospin threatened to resign because he feared M Fabius was trying to take control of the election campaign. Moreover, fundamental differences emerged in the open between M Jospin who the open between M Jospin, who believes the party must remain determinedly in the left-wing camp, and M Fabius, who favours a centrist "Republican front" image to give the party a wider constituency of votes.

President Francois Mitterrand was obliged to intervene
directly to put an end to the
and weakened both men. A poli split developing in the party. He worked out a quick comprorole and responsibilities as points in the same period.

The quarrel has also given the key role of the Prime minister as leader of the to riposte against the socialists. mise spelling out M Jospin's governing majority. M Jospin appears to have been comforted capital of the long-running by a compromise which most ervers, however, feel gives M Fabius a slight edge. To avoid any possible embar-rassing incidents, M Fabius did d'Estaing and M Raymond

not turn up to the party's Barre, the former prime min-special session this weekend, ister.

in what could be the final stages

BY OUR DUBLIN CORRESPONDENT

iccu co-ordinato:

Canadian ship joins hunt

A CANADIAN search vessel being picked up was not of the

carrying specialised equipment frequency which the recorder is due off Cork today to assist was designed to transmit.

in what could be the final stages of the hunt for the inflight recorder from the Air India Boeing which crashed in the area 15 days ago with the loss of 329 lives. Irish Navy vessels and seabed survey craft have already located a steady signal from what is thought to be the plane's "black box" at a depth of 6,000 ft.

Canadian search co-ordinator

The unmanned submersible vessel on the seabed was consequently having difficulty pintonesses aguently having difficulty pintonesses ague

Mr Arthur Laflamme revealed technical obstacles to a positive at the weekend that the signal fix on the recorder

for Air India black box

THE FRENCH Socialist Party Instead, he saw M Jospin pri-officially settled a politically vately on Friday when both men damaging quarrel between M said they had patched up their

M Jospin had originally asked for the special session of the executive committee to be held to support him against M Fabius. But in his opening ad-dress to the committee on Saturday he said the dispute with M Fablus was over and that the affair had been "clarified."
This led to the caustic remark

this see to the causac remain by one socialist deputy: "Why then hold the meeting?"

The party also appeared to have reached agreement at the weekend over the distribution of future parliamentary seats be-tween the various factions. This traditionally involves a long horse trading session but was

open in recent weeks appear to have been resolved, on the surface at least, many observers expect they will erupt again later this year at or after the party's congress in Toulouse in October.

The unmanned submersible

are you read

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OCTOBER

published on Saturday showed M Fabius losing 9 per centage points in popularity in one month while M Jospin lost 4

as points in the same period.

ning The quarrel has also given the right-wing leadership battle between M Jacques Chirac, head of the neo-Gaullist RPR, former

the Soviet Union with a defi-cit in its trade with the West of Roubles 1.7bn in January to March, compared to a small surplus in trade over the same period last year. The Soviet Union is unlikely to be able to make up for the deficit by increased crude sales over the rest of the year, given poor market con-

nadze, has resigned as head of the Communist Party in the southern republic of Georgia. He is replaced by Mr Dzumber Patiachvili.

worked article, the Com-munist Party daily Pravda said yesterday that Soviet-American relations were at a crossroads and that the November summit could help

Union oil exports fall

The Soviet Union suffered a serious fall in its oil exports in the first three months of the year, according to trade figures published in Moscow.

Soviet

sharply

The figures show that Soviet exports to the industrialised West fell by 28 per cent— Roubles 4.63bn to Roubles 3.34bn—in January to March this year, compared

to the same period last year. The figures for imports and exports are not broken down hy commodity but the sharp drop in exports is attributed by diplomats to the cut in oil exports caused by unusually cold weather in the oilfields earlier this year.

Equipment in West Siberlan oilfields, which produce 60 per cent of the Soviet Union's total output of 613m tons, could not cope with temperatures below minus 40 degrees centigrade for long periods, one Soviet oil industry official

A sharp fall in exports occurred in traditional markets for Soviet crude, such as West Germany, to which exports were down 29 per cent to Roubles 731m, and Italy, where exports fell 46 per cent to Roubles 388m over the three month period.

Soviet exports to the West are dominated by oil and gas sales. Last year these made about \$12bn (£9.1bn) for oil and \$3bn for gas.

The fall in oil sales leaves

• The new Soviet Foreign Minister, Mr Eduard Shevard-

 In an unusually mildlypowers should take, Reuter lood-for-work project is being ma-relocated in camps set up by the

EEC steel controls likely to remain

EXTENSIVE controls will mum prices is in place to on some long products. remain over European Com- stabilise the market. munity steelmakers after the end of this year if proposals. now being refined in the Commission envisage the liftmission, are accepted by industry ministers.

The Commission is in the final stages of preparing what quotas. is in effect a partial return to the free market and will present its conclusions to the Ten at a ministerial meeting later this month.

The Ten have set the end

of 1985 as the deadline both for the end of subsidies to the steel industry and a return to normal market conditions, For normal market conditions. For the time being, subsidies are the time being authorised to help restructuring while a system of precise but is moving in the production quotas and mini-direction of removing controls to the production of removing controls to the production of removing controls to the production quotas and mini-direction of removing controls to the production quotas and mini-direction of removing controls to the system has been in place of the system has been in the time being, subsidies are being authorised to help re-structuring while a system of precise but is moving in the

wife and six children are starting a

age of Am Silep, about 200km east

They arrived by lorry along with

1,000 other families, forced by drought and famine to abandon

their villages, victims of what has

become the country's greatest dis-

aster this century. One third of Chad's population of

4.6m has been affected by the drought and is in need of aid. "The situation is proportionately worse

possible," the Secretary of State for Foreign Affairs, Korom Ahmed,

Hissein Hassaballah and the oth-

er displaced families descended

first on the district centre of Mous-

soro. "But they were so numerous

that sanitary and health problems

arose, and we decided to disperse

them in outlying villages where there is still water and potential farmland," Abdullahye Ibet, Mous-

Am Silep is more than an hours

animal bones and thorn bushes.

The sandy slope leading down from the village to the wadi (a

dried-up river bed) is now covered with West German tents and small

stick and matting huts.

Hissein Hassaballah.

soro's deputy prefect, said.

new life in the isolated desert vil- It is the most recent of several simi-

than in Ethiopia, while the lack of all the work themselves and are giv-transport infrastructure makes the en food rations which will be

distribution of food aid almost im- phased out after the first harvest.

trackless drive south east of Mous-soro across an undulating, sandy landscape dotted with dead trees, There is no need to abandon the

nerging from one of the huts, said: and most severe drought has pro-There was nothing left to eat in the voked a massive movement of popu-village – even the vultures had left. lation. An estimated 500,000 people

Here there is both food and work." have abandoned their villages, and,

The Am Silep relocation and of those, up to 300,000 have been

appears to be focused on three categories of product. Quotas for reinforcing bars seem set ing of the minimum price controls but a continuation, on a reduced scale, of production quotas.

tem in line with an article in the European Coal and Steel Community treaty which per-mits action to be taken in the event of disturbances on the market.

CHAD TAKES POSITIVE ACTION TO HELP DROUGHT-AFFECTED FAMILIES

Food-for-work schemes hope to

boost 'survival aid' from West

BY PETER BLACKBURN, RECENTLY IN N'DJAMENA

HISSEIN el Had; Hassaballah, his naged by Unicef and the Rural Na-Government as part of "operation wife and six children are starting a tional Development Office (RNDO). Mur" to protect the capital NDIa-

Each family has been allocated a

by hand to a depth of about three

water-drawing devices.

Irrigation canals will then be

made and the land hoed and sown

with tomatoes, onions, melons and other vegetables. The families do

all the work themselves and are giv-

Am Silep's 600 villagers have been included in the food for work pro-

gramme in an effort to evert poten-

tial hostility against the influx of displaced people, Hassan Said Mal-laya, an RNDO official, said.

A government study has indicated that there is more than 50,000

bectares of potential farmland in

wadis and dried-up lakes in the Kanem region alone - enough to feed the whole of northern Chad.

It is also hoped that enough short-

cayle, dwarf wheat, maize and mil-

Sahel as there is plenty of under-ground water and farmland. But we

need sid to develop these re-sources." Mahamat Muktar, Minis-

try of Natural Resources Director.

small plot of land cleared of shrubs sought refuge across the berders in and vegetation. Wells are being dug the Central African Republic and

metres and equipped with sha-doufs - Egyptian bucket-and-pole Although the rec

Debate in the Commission

controls, however, would leave intact a price monitoring system in line with an article in Under the present system the status quo. Commission, after consultations with industry, posts production quotas each quarter. When finally presented, will set

mena from being overwhelmed by

Another 100,000 have reportedly

Sudan, where the situation is only

Although the recent United Na-

tions meeting in Geneva on emer-

gency aid for Airica responded posi-

tively to Chad's request for an extra 27,000 tonnes of food aid, that was

not enough, according to Korom Ahmed, Secretary of State for For-

"We also need aid to develop the

the Commission would now like to take the changes into account and alter the basis on which the

quotas are granted. But a modified system, while it would suit British Steel Corporation, after its extensive shake-out and now coping with the demands of a growing economy, would antagonise the French producers who are said not to be meeting their full quotas in any case. The German industry is said to favour the

Kohl set to visit

WEST GERMAN Chancellor Helmut Kohl is set to begin a three-day visit to Turkey tomorrow, the first by a West European head of govern-

country and provide better protec-tion against future droughts. We cannot keep asking for survival aid," he said. At Geneva, Chad asked for \$54m worth of eid this Unlike other African countries

Chad reacted promptly and posi-tively to the drought and famine disaster. Relations between aid donors and the Government are good and weekly meetings have helped to co-ordinate relief work. After President Habre's recent

successful tour of the strife-torn south, it seems that the situation there has stabilised and that Chadians may now be able to devote more of their energy to fighting drought and famine rather than

7,000 Libyan troops in the north, backing the rebel forces of ex-president Goukouni Oneditei and the construction of two new 4,000m run-

Ankara

Herr Kohl, who will be accompanied by Herr Jürgen Ruhfus, for eign Affairs State Secretary, will also meet President Kenan Evren and other officials, including Evren the rung if three-quarters of the members in a linguistic strain feel a measure damages. ki Yaruztürk, the Defence Minister. group feel a measure damages

officials said the rights of about 500,000 Turks working in West Germany and their in family members were likely to be a key issue in Herr Kohl's talks with Mr Ozal.

Thole's in be discussed include: Kohl's talks with Mr Ozal.
Topics to be discussed include

Topics to be discussed incince to the control of Turkish workers children when they return to Turkey from West Germany, economic ties and Turkey's relations with the European Community, and its position in the Council of Europe.

The Council of European Community and its position in the Council of European Community and its position in the Council of European Community and its position.

These come back to the divisor of the constitutional spending evokes.

These come back to the divisor of the constitution of the consti

stons before divoping the issue, possibly including \$400m in Com-munity aid frozen after the 1900

Minister's resignation urged over Heysel riot

By Our Brussels Corresponden

POLITICAL tension has risen in Belgium following the report of a parliamentary committee on how 38 football supporters were killed before the Liverpool-Juventus football match at the Heysel Stadium in Brussels on May 29.

on May 29.

The report has led to calls for the resignation of Mr Charles-Ferdinand Nothomb, the Interior Minister. Opposition parties have tabled a metion of no-confidence in the four-party coalition government led by Mr Wilfried Martens. The Parliament will debate the matter

ment will debate the matter next Friday.

If unchecked, the political tension could lead to the collapse of the coalition, although Mr Nothomb said yesterday that he approached the debate "with sevenity." If he is forced out of the government his colleagues from the Francispeaking Christian Democrats neight also resign.

might also resign.
Publication of the Reysel mut Kohl is set to begin a three-day visit to Turkey tomorrow, the first by a West European head of government since the 1980 military coup, Renter reports.

His talks with Prime Minister Turgut Özal are expected to facus on Turkey's strained ties with the European Community, defence and other bilateral issues.

Herr Kohl, who will be accommunity that is dailed "the alarm bell" which has the effect of freety.

The two countries are split on what Turkey says is a provision in its 1961. Associate Membership agreement with the fortopean Community that allows Turks to seek work freely in the Community from December 1 1983. Bonn says it will not allow any new influx of job-seeking Turks. But Ankara plans to seek concession and that a communal matter.

tion are compounded by the Heysel report which described munity aid frozen after the 1990 restip

West German officials said they also expected Aakara to press for more West German military aid. It will have received Difficulty force which is one of the particular of

committee placed the blame for he deaths squarely on the houlders of Liverpool football upperters, it found that the upperters, it found that the upperters, is solved in security at Reysel, had been saily prepared, lheptly desloyed, badly commanded secure of lack of information and too roll in the commander. and too rigid in its organisa-

But the committee was divided on exactly how much responsibility for all of this should be placed on Mr Nothomb.

FINANCIÁL TIMES

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Lance quits Democratic Party post

MR BERT LANCE, the former head of the U.S. Office of Management and Budget in the Carter Administration, has re-signed as chairman of the Georgia Democratic Party to fight allegations of improper business practices at the Calhoun First National Bank of which he is chairman.

A year ago, on the eve of the Democratic Party's convention in San Fransisco, Mr Lance, who was forced to resign from the Carter Administration fol-lowing allegations of improper handling of funds at the bank, appeared to be on the verge of a startling political comeback. The Democrat's presidential candidate, former Vice-President Walter Mondale, him below the president walter below th chose him to chair his presidential campaign. However, an outcry against Mr Lance's appointment forced him to quit The Atlanta Constitution, à leading newspaper in the state, recently published a federal bank examiners' report on the bank detailing new irregulari-

Spanish economy minister introduces different style BY TOM BURNS IN MADRID

Sr Carlos Solchaga, Spain's new had been criticised, particularly Economy Minister, has been by labour organisations, for cutrusted with maintaining the refusing to discuss policies.

entrusted with maintaining the same austerity programme as his predecessor, Sr Miguel Boyer, but he has already signalled that he will implement it in a markedly different style. Over the weekend Sr Solchaga chaired an informal meeting of the so-called Cabinet Dele-gate Committee of Economic Affairs, which comprises the holders of the agriculture, industry and energy, transport, employment, health and public works portfolios, in what appeared to be a bid for consensus over political priorities on economics.

on economics.

The move contrasted sharply with the style of Sr Boyer, who tended to keep Cabinet colleagues at a distance and whose undoubted haughtiness helped create considerable tensions within the Government.

Sr Solchaga has also made it known that he is anxious to re-establish a dialogue with employers and unions. St Boyer effice grise of the Cabin-

The apparent attempt to establish greater collegiality in government and to men' fences outside the Cabinet are however, changes in form rathe than content. When Prindings of the resignation of Sr Boyrlast week, he stressed that the would be no change in econom.

policy.

Sr Solchaga has since edorsed that statement by issisting that he will confinite broadly monetarist Bosecohomic decitine. The prior

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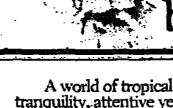
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Hanoi vows

to return

remains of

U.S. troops

will return the remains of 26 more Americans listed as mis-sing in action from the Vietnam

War, the State Department said

in a statement yesterday, Reuter reports from Hong Kong.

The handover, expected to take place in six to eight weeks,

would be the biggest since the end of the war 10 years ago.

Karami. seeks **Syrian** support

Merca

LEBANESE Prime Minister Rashid Karami said yesterday his Government was "defunct to a great extent" and urged Syrian help to restore security in Beirut, the official Syrian news agency said. Reuter reports from Damascus.

Mr Karami is in Damascus for Syrian-mediated talks with

Syrian-mediated talks with Lebanese Shi'ite, Sunni and Druze leaders on ways to halt clashes between Moslem groups in west Beirut and to revive Christian-Moslem political dialogue, Syrian political sources said.

Sana said Mr Karami had preliminary talks today with Syrian President Hafez al-Assad and Prime Minister Abdel-Rauf al-Kasm.

Rabin warns of cuts in military spending

Israel's economic crisis has forced unprecedented cuts in the country's military strength, Mr Yitzhak Rabin, Defence

Minister said yesterday, Renter reports from Tel Aviv.

"The fighting force of the army has never been reduced as much as I have had to do as
Defence Minister during the
past 10 months," Mr Rabin
said. "The regular forces will go down, the armoured forces will go down," he said in a speech to members of kibbutz ollective settlements. According to the International Institute of Strategic Studies, Israel's armed forces total 141,000, with 500,000 reservists.

Former Guinean

Premier arrested Guinean President Lansana Conte said yesterday that Diarra Traore, the former Prime Min-ister who led Thursday night's attempt to overthrow him, had

been arrested and he vowed to avenge those who died, Renter reports from Conakry.

The President said 18 people died in the coup attempt and 229. were wounded. Guinean authorities had said earlier that 15 were killed and 100 wounded.

Tamil leaders in secret talks

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ه. خار خار

Leaders of Sri Lanka's five major Tamil guerrilla groups left yesterday for secret, Indiansponsored peace talks starting today in the tiny and remote Himalayan kngdom of Bhutan, Reuter reports from New Delhi.

The talks will bring together for the first time Tamil separatists fighting for an independent nation for the 2.5m minority and Colombo officials in talks aimed at solving the least of the said.

BY K. K. SHARMA IN NEW DELHI

VIOLENCE continued unabated ago, and called for tough global in the main towns of Gujarat action to deal with terrorism and said there was no way the appointment of a new chief minister by Prime Minister to "succumb to any pressure, whether terrorist or otherwise," he said.

He said he would hold talks with opposition parties on the controversial issue of reservations of government jobs for controversial issue of reservations of government jobs for backward classes began four months ago.

Hones had been raised on would be no change in the would be no change in the said.

island's ethnic crisis. Sudan to ask Egypt

to extradite Numeiri Sudan will ask Egypt to extra-dite deposed President Jaafar Nimeiri, but will try him in his absence if—as appears likely— Cairo does not hand him over, Prime Minister al-Gazouli Dafaa-Allah has said, Reuter reports

from Khartoum.

The official Sudan news agency (Suna) quoted Premier Dafaa-Allah as saying the extradition of Mr Nimeiri, who he said had "committed many crimes and oppressed the Sudanese people for 16 years," was sought by popular con-

Afrikaaner youth leader retains post

Mugabe set to use poll victory as mandate for change

BY MICHAEL HOLMAN

THE PROSPECT of a major THE PROSPECT of a major constitutional confrontation between Zimbabwe's ruling Zanu-PF Party and the country's two leading minority parties came a step closer at the weekend when Mr Robert Mugabe, the Prime Minister, renewed his threat to abolish the 20 entrenched white parliamentary seats and said he would treat his massive general election victory as a mandate

election victory as a mandate for a one party state.

Both Mr Joshua Nkomo's Zapu Party, which won 15 of the 79 contested black seats, and Mr Ian Smith's Conservative Alliance reacted cautiously. tive Alliance reacted cautiously yesterday to Mr Mugabe's clearest indications to date of his intentions, made during a Press conference at his Harare



Press conference at his Harare home.

Officials of both parties are hoping that Mr Mugabe's comments represent the rhetoric of the hustings rather than a blue-print for constitutional change which would break the terms of the Lancaster House agreement drawn up under British chairmanship in 1980.

But in private senior members of both Zapu and Zanu believe that the Prime Minister's comments represent a water than the Prime Minister's comments represent a water than the prime Minister's comments represent a watershed in his hitherto comments represent a wards the opposition.

Press conference at his Harare home.

Officials of both parties are hoping that Mr Mugabe's comment and but mr Mugabe's comment and title comfort in Premier Mugabe's electoral victory in which his ments with the support of those which want the amendment requires the support of all 100 a critical response from western 1987, and 70 MPs after then.

Abolition of the white both capu in clection cam believe that the Prime Minister's comments apour a water and untile comfort.

Mr Mugabe, fresh from his ments with the support of those who want the amendment requires the support of all 100 from MPs if it is to be done before in a fighting mood when he a critical response from western 1987, and 70 MPs after then.

A careful reading of Mr Mugabe's comments about a watershed in his hitherto comments represent a water of the past election cam abolition of the white both water of Independence.

Should the Covernment launch Miss the difference of Expublication of the white comforts that the appetite of his who the most significant requires the support of all 100 from MPs if it is to be done before a critical response from western 1987, and 70 MPs after then.

A careful reading of Mr Mugabe's comments about a water of the past election cam abolition of the white both both with the support of all 100 from MPs if it is to be done before a critical response from western 1987, and 70 MPs after then.

A careful reading of Mr Mugabe's comments about a view of ma

nothing he said suggested that a one party state is imminent.

Membership of Zanu would
first be open to all, he said, to pave the way for "when the Mugabe time does come for a one party demise. state." But in the meantime he served what sources close to Mr commun.

the authorities will renew a pared to co-operate and declar-harsh military campaign to round up the rebels, many of reconcilitation. It has had little whom are believed to be exmembers of Zapu's disbanded guerrilla army which fought in the war for independence.

Should the Covernment haven. Most observers believe that

election victory provided the chain of command is ultimately mandate for such a move, answerable to Zapu itself, Even some of his old vit colleagues concede that Mr Nkomo has little option other than to negotiate with Mr Mugabe the terms of Zapu's

The mood among the white community is juttery and

Nkomo interpret as a final warning to his long-time rival.

The gist of Mr Mugabe's the consequences of his victory message was that unless the activity of anti-Government dissidents in Mr Nkomo's strong-hold of Matabeleland is halted. Government that he was pre-

Vietnam has handed over the remains of 89 servicemen since the war ended. A total of 2.464 Americans are listed as missing in action (MIA). The statement welcomed the promised handover as concrete evidence of Hanoi's public commitment to accelerating its efforts to clear up the issue, one of two major problems blocking any U.S. moves towards normal-

any U.S. moves towards normalising relations.

The statement, issued during a stopover on Secretary of State George Shulta's journey to South-East Asia, also confirmed that Victnam had pledged to probably the first part of the state of the

resolve the issue within two years.
U.S. officials said the pledge, transmitted to Washington last

transmitted to washington list week by Mochtar Kusumat-maadja, Indonesian Foreign Minister, was repeated to U.S. officials in Hanoi talks on the issue which ended over the

weekend.
U.S. officials called the promise to hand over more remains "extremely positive" but were more cautious on Hanoi's pledge to clear up the

issue in two years.

"I think we could do it but it would take a lot of work to do it that quickly," one official told reporters.

President Ronald Reagan has said repeatedly that he will take to report towards repeated.

Pretoria's policies.

The House of Representatives recently passed a Bill for sancticons against South Africa by 295 votes to 127. House members approved economic Both Bills would also prevent U.S. companies making new inmake no moves towards normalising relations with Vietnam would prohibit imports of South African Krugerrand gold coins.

Both Bills would also prevent U.S. companies making new inmake no moves towards normalising relations with Vietnam until the MIA issue is resolved and a political settlement is reached in Kampuchea.

Canada to end S. African tax agreement

BY BERNARD SIMON IN TORONTO

Pretoria. Pretoria.

The measures fall short of some anti-apartheid groups' call for a comprehensive trade embargo and curbs on investment by Canadian companies in South Africa. Mr Joe Clark. External Affairs Minister, said at the weekend that such in south Africa in the south Africa in progress in dismantling its race progress.

with a Government code of considered next year as part of employment practice as part of a "step by step," carrot and a tougher policy towards stick approach, depending on Pretoria. stick approach, depending on the South African Government's

CANADA is to cancel a double measures had been rejected for taxation agreement with South Africa and monitor the compliance of Canadian companies with a Government code of considered next year as part of specifically to cover labour affairs.

CANADA is to cancel a double measures had been rejected for the time being to avoid further liament and releasing his finding in the Kwazulu tribal "home-hardship on South Africa to end aportheid looks adjourned before Senate action and the measure died, will also be appointed to the Canadian companies will be barred from selling "sensitive" ing sanctions, Reuter reports would prohibit new U.S. bank sequences to the considered next year as part of considered next year as part of specifically to cover labour such as computers.

the South African Government's progress in dismantling its race policies.

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stick approach, depending on the South African Government's progress in dismantling its race policies.

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South African Government's progress in dismantling its race policies.

Dominion Textile and the min
south African Government's progress in dismantling its race policies. Although Canadian companies' compliance with the 1978 code of conduct remains voluntary, Mr Clark said that an "independent and impartial" additional conduct least has been said that an "independent and impartial" additional conducts least has been said that an "independent and impartial" additional conducts least has been said the minder of the United Nations, will be prohibited once an existing contract with the state-owned Canadian uranium company of conducts. Bata has been said the minder of the United Nations, will be prohibited once an existing contract with the state-owned conduct remains voluntary. Mr Clark said that an "independent of the United Nations, will be prohibited once an existing contract with the state-owned conduct remains voluntary. Mr Clark said that an "independent of the United Nations, will be prohibited once an existing contract with the state-owned of conduct remains voluntary. Mr Clark said that an "independent of the United Nations, will be prohibited once an existing contract with the state-owned of conduct. Bata has been stated on the united Nations of the United Nations, will be prohibited once an existing contract with the state-owned of conduct. Bata has been stated on the united Nations of the United Nations, will be prohibited once an existing contract with the state-owned on the united Nations of the United Nations, will be prohibited once an existing contract with the state-owned on the united Nations of the United Nations, will be prohibited once an existing contract with the state-owned on the united Nations of the Un widely criticised lately for em- 1988.

barred from selling "sensitive" ing sanctions, Reuter reports equipment such as computers from Washington.

The Republican-led Senate, in Government, prevent sales of forces and police, the govern- a debate starting today, is pre- U.S. computers and technology About 40 Canadian companies forces and police, the govern-

Senate to begin debate on sanctions against Pretoria

paring legislation that would be that South African military or a sharp rebuff to President police could use, and stop U.S. Reagan's cautious approach to Pretoria's policies.

Both Bills would also prevent

Gujarat leadership change fails to stem violence BY K. K. SHARMA IN NEW DELHI

Saturday that the agitation would cease after Mr Madhavsingh Solanki resigned as Chief Minister but the main organisations responsible for it have announced their intention to continue.

Mr Solanki's successor, Mr

Amarsingh Chaudhury, yester-day held talks with Mr Gandhi on ways to check the violence. Since Mr Chudhury is a lieutenant of Mr Solanki, it is

would be no change in the policy of reservations that benefit the backward castes and tribes,

Mr Gandhi did not elaborate on steps to be taken to settle the Gujarat problem, which has been a serious source of embarassment to him for most of his six months as Prime
Minister. It was the job of the
new Chief Minister to tackle
the question.

unlikely that their opponents
will be appeased merely by a
leadership change.

Mr Gandhi, yesterday also held
but made it clear that the his first major news conference Government would not succumb since taking power eight months to terrorist pressure.

Afghan friendship offer

leader retains post Ultra right-winger Mr Carel Boshoff this weekend barely survived an attempt to oust him as head of the ruing white Afrikaaners' important Voortrekker youth movement by a member of the so-called Verligte (enlightened) group, Renter reports from Stellenbosch. Mr Boshoff, a former chairman of the secretive Broederbond body which has been the pillar of Afrikaaner domination since the Second World War, retained his post by only 23 votes. AFGHANISTAN has offered friendship to three neigbouring countries while warning of unspecified consequences if they continued to help guerrillas fight the Soviet-backed government was also training, arming and sending counter-revolutionand sending counter-revolutionand sending counter-revolutionment was also training, arming and sending counter-revolutionand sending counter-revol

China outlines bans on spending BY ROBERT THOMSON IN PEKING

GOVERNMENT purchases of motor-cycles, cars, sofas and carpets have been banned under administrative spending cuts announced by China's finance ministry, following a blowout in spending by both central and local governments.

The finance ministry has ruled that "no public money will go on leisure activities and innecessary meetings," and the municitary allowance for meetings is to be cut by a third. The spending hans will apply for at least the second half of this year.

The negative side-effects of investment and generate income through exports.

Shenzhen has been allowed to use Western-style management methods, and has been seen by foreign businesses as the barographic meeter of Peking's economic intentions for the rest of the country.

Wr Deng told a visiting algerian delegation that the success of the zone "has yet to unwarranted personnel increases, bonus and see whether this is the right succeed. If it fails we can draw year.

least the second half of this year.

Overspending on imports of foreign goods and fears of alack of control over the financial system generally are thought to have prompted recent statements by Deng Xiaoping, the Chinese leader, that China's pragmatic economic reforms are an "experiment."

"Although China has been carrying out economic reforms

approved."

The negative side-effects of the economic reforms are believed to have caused debate within the leadership over the pace at which reforms should be introduced.

In contrast, last year, Mr Deng said that the "development and experience" of Shenzhen and experience of the country's economy "overheating," and carrying out economic reforms

approved."

The negative side-effects of the economic. In contrast, last year, Mr Deng said that the "development and experience" of Shenzhen special economic zones."

The negative side-effects of the contrast, last year, Mr Deng said that the "development and experience" of Shenzhen special economic zones."

The negative side-effects of the economic reforms are believed to have caused debate within the leadership over the pace at which reforms should be introduced.

In recent months. Zhao lishing special economic zones."

The negative side-effects of the economic reforms are believed to have caused debate within the leadership over the pace at which reforms should be introduced.

In contrast, last year, Mr Deng within the leadership over the gasid that the "development and experience" of Shenzhen should be introduced.

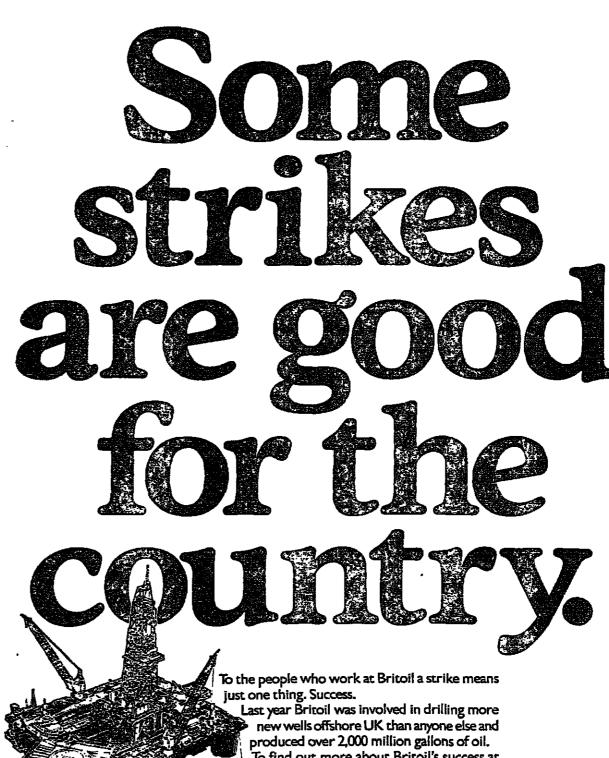
The negative side-effects of the economic reforms are believed to have caused debate within the leadership over the ment and experience of the conomic reforms should be introduced.

The negative side-effects of the economic the conomic reforms are believed to have caused debate within the leadership over the ment and experience of the conomic reforms are an economic refo

succeed. If it fails we can draw lessons from it.

"Although China has been carrying out economic reforms down, though the direction of form of "tacking." There is no down, though the direction of reform would not be changed.

A finance Ministry official said administrative spending has risen in recent months, despite a central government call for a 10 per cent reduction. Chinese at testing ground for China's leaders were alarmed that said there was a need to slow down, though the direction of coubt, they say, that the Chinese economy will continue on its present course. But the Shenzhen, established in 1980, has been a testing ground for China's economic policies, and is designed to attract foreign soon.



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Sr Olavo Setubal, Brazil's

Foreign Minister, tabled in Stockholm a formula under

which negotiations about trade

The U.S., which has been insisting against the opposition from developing countries, that the new round should embrace

services, initially appeared to accept this twin-track com-

Since then, however, the

Brazilian external relations ministry has circulated a "com-

munication" laying down con-ditions to be agreed by the industrialised countries before talks on services could start. There would be no parallel-

ism or trade-offs between the two sets of negotiations, under

these conditions. The services talks would be prepared by officials totally distinct from those preparing the talks on goods and the two negotiating

processes would be completely independent of each other.

insisted that Gatt rules would not apply to the talks on services which would have to start from

Representatives of developing countries in Geneva recently suggested that the United

Nations Conference on Trade and Development could offer a

better forum than Gatt for nego-

The suggestion would be com-pletely unacceptable to the U.S.

Mr Arthur Dunkel, Gatt's

director-general, has held in-

missions here over the past few

days but has not succeeded in

clarifying the situation before

tiations on services.

today's meeting.

World Economic Indicators

FOREIGN EXCHANGE RESERVES

scratch.

would have to start from

s etaoin shrdlu eta oniunna Above all, the Brazilian paper

BY WILLIAM DULLFORCE IN GENEVA

ANOTHER EFFORT to pave the way for a new round of international trade negotiations begins here today at the headquarters of the General Agree-ment on Tariffs and Trade (Gatt) with doubts about the attitude of the developing coun-

tries still clouding the issue. A Brazilian document spelling out conditions for the opening of talks about trade in services appears to have hardened the position taken by the developing countries at an informal meeting in Stockholm last month of trade and other ministers, at which a breakthrough was thought to have been achieved. Gatt officials are concerned that this development, coupled with the growing pressure on President Ronald Reagan from U.S. senators and congressmen to introduce protectionist mea-

to introduce protectionist measures, could delay or at worst jeopardise the negotiations.

The U.S.'s patience about the foot-dragging of some developing countries, principally Brazil and India, may be wearing thin, and the Reagan Administration could be tempted to implement previous hints that it would resort to negotia-ting bilateral trade deals.

Gatt's consultative group of high-level government officials from 18 countries is scheduled to spend the next two days clearing the ground for the next meeting of the Gatt council on

The council, it was hoped, could then decide to call a meeting of senior officials before the end of September to prepare for the start of the trade talks early next year, thereby fulfilling the hopes primarily of the U.S., but also of the EEC and Japan.

The chances of this timetable being kept, however, have weakened since the Stockholm

May 85 7,158 7,467 23,191 33,781

SHIPPING REPORT **Grain rates**

set to decline further

By Andrew Fisher, Shipping Correspondent

SHIPBROKERS had no diffi-culty finding words to describe in services would be conducted separately from but parallel with the negotiations about the sorry state of shipping markets last week. "A ghastly week for dry cargo owners," said Denholm Coates, while E. A. Gibson Shipbrokers wrote of "a catastrophe" for those owning tankers

Grain rates touched new lows and looked like falling even further, said Denholm. The rate from the U.S. Gulf to continen-tal Europe was \$6.50 (£4.90), a three-year low, against around \$8 last month, with that from the U.S. to Japan at \$12.35, less

than last year. Eggar Forrester, another London shipbroker, said in its monthly report there was more pessiuism in the market than at any time in the 1980s. Like Denholm, it said too many ships were still being built. "It looks like a long haul before a better market can develop." Denholm, it said too many ships were still being built. "It looks like a long haul before a better market can develop."

Tanker trading from the Gulf was minimal last week. Tanker successful and the control of the full potential of several of Indonesia's markets. So, adds the executive: "We've gut to start our own seduction was minimal last week. Tanker gut to start our own seduction grows were still being built."

operators await the outcome of games very quickly, the Opec talks to see if the The opportunity market will be stabilised by accord on prices and quotas.

Shipyard auction Indonesia's Minister of Research, Science and Technology, who is heading the country's fledgling aerospace in Singapore raises £10m

AN AUCTION of machinery and equipment just completed at the Robin Shipyard in Singa-pore to buyers from 15 coun-tries raised \$\$29m (£10m), our Shipping Correspondent writes. This made it the largest industrial auction held in south east Asia, said Henry Butcher, the British company which organsed the sale

The auction was part of the yard's rationalisation programme. The yard, part of the privately-owned Robin property and industrial group in Singapore is still in business but has no work now during the recession. sion in offshore-related construction.

Butcher, which also handled the auctions of the Talbot car plant in Linwood, Scotland, in 1981 and of the De Lorean factory in Belfast last year, said

Qatar may pipe gas to Europe

Kieran Cooke on Britain's bid for defence equipment sales

Indonesia brings shopping list to UK

THE GULF oil producing state recently that the plan had been (million million) ou ft of gas and Worley Engineering, and of Qatar is considering an positively received by the U.S. and may contain as much as Technip of France.

ambitious plan to build a pipe- and Saudi Arabia. He was con- 300 trillion ou ft. The pipeline Their proposals are expected line to Europe in order to deem of winning backing for would be the second stage of a within weeks and the Qatar

The project, estimated to cost at least \$10bn (£7.7bn), would provide a rival source of route from Qatar to the Saude supply to the Soviet gas pipe-line when European countries need extra gas from the end of

executive explains, is being courted by the world. The UK,

The opportunity to do so could come in the next few

days, during a visit to Britain by Dr Yusuf B. J. Habibie,

programme. The attention of

Britain's aerospace and military

defence industry will, therefore,

be focused on the Minister's

travels.

He has already been in

several European countries with a long shopping list of aircraft and defence equipment. Dr Habibie starts a round of meet-

ings today with Mrs Margaret Thatcher, the UK Prime Minis-

ter, and several of her senior

Ministers, followed by tours of most of Britain's leading civil

and military equipment manu-

West Germany and France; have long realised the potential of Indonesia's aerospace and military markets.

Dr Habible is a key element in the battle for lucrative civil

ind military sales to Indonesia.

He is a close confident of Presi-

dent Suharto, he is head of Nurtanio, the state aircraft

manufacturing concern, oversees the state shipbuilding and

Other countries, particularly

line to Europe in order to exploit its huge reserves of natural gas in the offshore North Field.

on Soviet gas supplies.

The pipeline would follow a border, along the Gulf coastline to Kuwait, which is having difficulty producing sufficient gas for its industries, and then need extra gas from the end of the next decade.

The plan has the support of Turkey which would like to buy gas from Qatar and through whose territory the pipeline would run. Mr Turgut Ozal, the Turkish Prime Minister, said the curve producing sunficient gas for its industries, and then across Iraqi territory to Turkey. The extension to Europe would cross Greece and join up with the existing gas pipeline in Italy.

Qatar's North Field contains proven reserves of 150 trillion

other enterprises under his com-

mand, including electronics, telecommunications, and the

manufacture of energy equip-ment and weapons systems. Dr. Habibie has let it be known he is interested in four

areas of British expertise: Civil alreraft: British Aerospace

(BAe) recently signed a con-tract for the sale of one of its

146 four-engined jets to Indonesia, to be used by Presi-

dent Suharto.
The 146 carried out a success.

ful demonstration tour of Indonesia last year and further sales are thought likely. Indonesia is also interested in the new Placement of the new Placement o

the new BAe advanced turbo-prop or ATP which is now in full production.

Fighters: The battle is on to

win the contract for a new gen-eration of fighter aircraft for

railway development pro- eration of fighter aircraft for grammes, and has an array of the Indonesian air force. The

three-phase development plan under which Qatar would also produce gas for its own dome needs and later liquefied natural gas for sale to overseas markets such as Japan.

groups have been short-listed to bid for the consultancy and project management of the development of the North Field. They are Bechtel, Fluor, Foster Wheeler and the M W Kellog/ Lummus Creet consortium, all and commitments with buyers of the U.S., the Anglo-American and on price are necessary in combination of Raiph M Parsons advance.

within weeks and the Qatar General Petroleum Corporation hopes to go shead with the first, phase of the project within 18 months. This phase would produce 800m cu ft of gas per day (cfpd) to service local industrial Six international engineering needs with some gas left over for reinjection to prolong the life of Qatar's other gasfield, the onshore Khuff.

The cost of development of the field is likely to be at least \$6bn apart from the pipeline and commitments with buvers

THURSDAY

GAGLA

ever

EXHIBITIONS every

tion is a joint agreement on science and technology between EXHIBITIONS Britain and Indonesia which is due to be signed by Mrs Thatcher and Dr Habibie. every But perhaps the most important factor will be how

THURSDAY much financial support the British Government will offer in order to secure contracts. Britain recently broke with tradition and pledged £10m in soft loans to Indonesia as part of its contribution to

the annual pledges of the Inter-governmental Aid Group on Indonesia (IGGI). Earlier last week, Mr Paul Channon, the UK Trade Minister, said, at the end of a visit to Jakarta, that Britain was working on another substantial soft loan package for Indonesia Britain, however, is entering

Another crucial factor is how

much British companies are willing to commit in terms of

transfer of technology, or how willing they are for involvement in joint manufacturing.

One step in the right direc-

in excess of 600 has been mentioned and Dr Habibie will the fray rather late and other countries, particularly France He will also be looking at sper and West Germany, have in already offered substantial soft

General Dynamics F16 and the nesia is not easy. In the tease Northrop F20 Tigershark. General Benny Murdani, the powerful head of Indonesia's armed forces, is pressing hard for a number of the advanced, long-range F16s. THURSDAY

every

7,041 7,020 22,479 32,101 19,602 16,737 3,716 7,371

Contracts & Tenders

ANNOUNCEMENT

COUNCIL FOR **DEVELOPMENT AND** RECONSTRUCTION BEIRUT - LEBANON

The Council for Development and Reconstruction is calling for a restricted tender for the project:

"Provision, installation and commissioning of a fully automatic, computer-based telegraph message relay system."

Starting June 3, 1985, interested firms may obtain tender documents and specifications at the following address:

Council for Development and Reconstruction Rayess St. Rayess Bldg.—Baabda P.O. Box: 116/5351 Telex: 42490 Cdr Le Telephone:

420695 - 420926 - 421045 - 421490/1**BEIRUT LEBANON**

BID DUE DATE IS JULY 12th 1985 AT 12 HOURS

A firm, specific proposal for financing over a period of at least ten years should be submitted along with the bid.

NEW RESTAURANT and CATERING CONCESSION

at Rutland Water, Leicestershire An opportunity to share in the commercial success of catering for the 400,000 people who visit Rutland Water annually. Planning Permission has been obtained for a 40 seater restaurant with rooftop extension in one of the most desirable

recreational development locations.
Requests for inclusion in the select list to tender should indicate qualifications and experience for operating this enterprise initially on a three-year lease.
Please contact: The Reservoirs Manager, Frank Knights, Angilan Water, Oundle Division. The Old Hall, Whitwell, Oakham, Leicestershire. Tel: Empingham (0789 86) 321

PULP AND PAPER MILLS

GENERAL DIRECTORATE OF TURKEY GENERAL PROCUREMENT NOTICE FOR REHABILITATION PROJECT

Türkiye Selüloz ve Kagit Fabrikalari Genel Müdürlügü (SEKA), the state Economic Enterprise for pulp and paper in Turkey is undertaking a rehabilitation project in several of its pulp and paper milis. The work will include: the rebuild of a newsprint machine and a board machine, Involving major revisions and replacement of machine sections; installation of wood handling and preparation equipment; installation of additional stone groundwood capacity and groundwood screening equipment; installation of a new Power Boiler, replacement of raw material handling equipment in a bleached straw and reed pulp mill; and, purchase of spare parts and implementation of some small energy-saving projects for some of the straw and reed pulp mill; and, purchase or spare parts and implementation of some small energy-saving projects for some of the Company's mills. The majority of the machinery and equipment is to be procured under international competitive bidding. Qualified firms who have previously supplied such machinery and equipment to the pulp and paper industry and are interested in being invited to bid on all or part of the equipment and machinery supply for this project should submit the following information:

- Description and capacity of their manufacturing facilities.
- ii Description of similar supply including country of destination
- iii Services available in Turkey for maintenance and spare parts. iv Statement of financial position with Bankers reference. SEKA reserves the right to verify all statements and is not obligated to invite any supplier to bid or to justify its choice.

interested firms should submit the required information not later than 17.00 hours on December 31, 1985 to the address below: SEKA GENEL MUDURLUGU Yatirimlar Dairesi Baskanligi

Ref: Rehabilitation Project IZMIT - TURKEY

ETHIOPIA

INTERNATIONAL TENDER FOR THE PURCHASE OF ROAD CONSTRUCTION AND MAINTENANCE **EQUIPMENT**

INVITATION NO. T-11/77

The Provisional Military Government of Socialist Ethiopia, Ethiopian Transport Construction Authority announces the release of an international tender for the purchase of Road Construction and Maintenance Equipment.

A losn is available from the African Development Fund (A.D.F.) and interested bidders from member countries and participant states of the A.D.F. are requested to collect bid documents and specifications during office hours from the Procurement Office, Room 106, of the Ethiopian Transport Construction Authority against payment of Birr 20.00 for each set of deciments. each set of documents.

Bids will be opened in public in the Conference Rocm, 4th floor of the Ethiopian Transport Construction Authority headquarters building on August 22, 1985, at 10.00 hours Addis Ababa time.

The Authority reserves the right to reject any or all bids that are not in conformity with all conditions and specifications mentioned in the tender.

ETHIOPIAN TRANSPORT CONSTRUCTION AUTHORITY

Company Notices

ange F16s. Habibie, but also certain ver.
Dr Habibie, who has not influential parties in the Inde
ways seen eye to eye with nestan hierarchy and, of course

always seen eye to eye with nestan hierarchy a General Murdani, is thought to the armed forces.

favour the F20, which he re-

But because of delivery de-

lays and the enormous cost

involved in the American fighters—the F16s, depending on modifications, can cost up to \$20m—it's felt that Indonesia

will settle for a mix of super-

of scoring with its new genera-tion of Hawk 200 fighters.

Missile systems: Dr Habibie will be looking at advanced

missile systems, such as the Sea Eagle. Last year, BAe won an

Indonesian contract for Rapier systems worth \$120m. Further

sales of the Rapier are likely, though the Franco-German

though the Franco-German Roland system is competing

Tanks: The Indonesian army

light tanks and Dr Habibie has had discusions with Alvis on

collaborative ventures to manu-facture the Scorpion. A figure

the operations of Vo Thorneycroft shipyards Southampton. However,

wants a substantial number of

strongly.

This is where BAe is hopeful

sonic and subsonic aircraft.

gards as more cost effective.



Messys. Antoine d'ARJUZON, Managing Director and Alain LAYELLE, Director of Subsidiaries and Participations, of the BIAQ-AFRIBANK Group, have signed in CONAKRY (Guines), on 18 June 1985, the convention establishing the BANQUE INTER-NATIONALE POUR L'AFRIQUE EN GUINEE (B.LA.G.). The Guinean Government was represented by Mr Jean TRAORE, Minister of State in charge of Planification and Natural Resources, as well as by Mr. Sory DOUMBOUYA, Economy and Finance

BLA.G. will have an initial capital of F10m., of which 51% held by the Guinean Government and 49% by B.I.A.O. and other inter-

B.I.A.O. is thus completing its network of subsidiaries and particlpations in Africa.

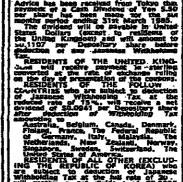
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In accordance with the terms and conditions of the Debastives, the Indeed Face for the initial period July 5, 1985, to August 5, 1985, has been fixed at 7's per cent per aunium.
Op August 5, 1985, Interest of USS67.81 per USS10,000 nominal amount of the Debentures and interest of USS67.813 per USS100,000 nominal amount of the Debentures mominal amount of the Debentures will be due for payment. The rate of interest for the period commencing August 5, 1985, will be determined August 1, 1985, will be determined August 1, 1985, ORION ROYAL BANK LIMITED Agent Bank and Principal Paying Agent

THE ROYAL BANK

OF CANADA US\$350,000,000 ting Rate Debeated

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THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA USSED DOD ON GUARANTEED FLOATING RATE NOTES DUE 1991 PLOATING RATE HOTES DUE 1991
NOTICE IS HEREBY GIVEN to the noteholders that the annual response to lenders and investment for the indestrial Credit and investment Corporation of ledds Limited for the Brist year ended 31st Determber 1984 is available at the sinces of Credit Lyohnad and Development of the Credit Lyohnad Development of the Credit Lyohnad Development of the Credit Lyohnad Theorem 1998 Development of the Credit Lyohnad Park Development of the Credit Lyohnad Charles of Marchant Bank Limited, 33-36 Gracechurch Street. Credit Lyomals, 3701 OBC Centre

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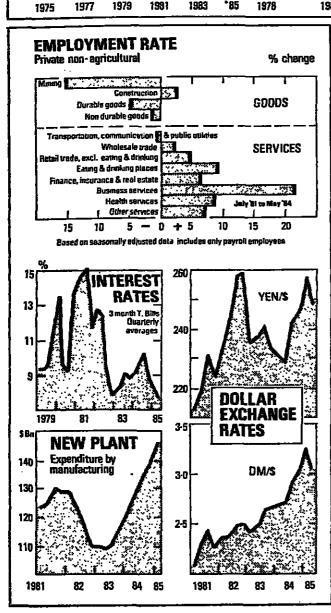
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6

Coming to terms with slower rates of growth 1982 and 1984 are still below the 1980 level. The principal increase in

AFTER spectacular growth in 1983 and 1984 when real gross national product (GNP) rose by 11 per cent, the U.S. economy has settled down to a lower rate of growth closer to that of European countries. Attention is focused on the budget deficit and on the widening trade deficit both of which pose a threat to the continued expansion of the U.S. The main features of the

current recovery have been particularly strong fixed investment in business and growth in consumption. Unemployment has fallen and at just over 7 per cent is below the EEC average. Interest rates, though high in real terms, have fallen considerably in nominal terms from the peak rate of around 15 per cent in 1981/82.

The dollar continued to strengthen during the recovery raising the effective exchange rate to 40 per cent above its 1980 level, thus increasing the competitive pressures on U.S. industry. Corporate profits, having increased sharply in 1983/84, have gradually declined over the past nine months and are forecast to decline further.

The substantial gain of 6.3m jobs made during the first 18 months of the recovery between November 1982 and May 1984 wiped out the 1.7m job losses during the recession of 1981/82 leaving a net gain of 4.6m tobs.

These job gains were not erenty distributed. Private serrice industries gained 4.8m while manufacturing lost nearly 1m jobs. Self-employment increased by 600,000 and public sector jobs by 100,000. The service sector overall now GNP and nearly two-thirds of jobs.
The growing deficit on the

current account—over \$100bn in 1984—mirrors the trade balance, as the balance on invisibles moves slightly into

CURRENT ACCOUNTS

CAPITAL ACCOUNT

COMPUTERS MOTOR VEHICLES

CURRENT RECOVERY TYPICAL RECOVERY

IMPORTS/NEW SUPPLY RATIO

RECOVERIES COMPARED

5.3

The considerable growth in imports—up by \$70bn in 1984
—is in part due to the high
dollar but also reflects the surge in domestic demand in the U.S. compared with the other major industrialised countries which presented the more sluggish economies with an export market. U.S. exports rose in 1984 by \$17bn, after several years of decline, but INFLATION (Consumer Prices)

·- Change

Japan 9.3 8.1 3.6 8.0 4.9 2.4

Source: OECD/Phillips & Dres

INVEST- CHANGE IN NET MENT STOCKS EXPORTS

1.3

0.7

omic Report of the President

-- 1.3

-0.1

Source: O.E.C.D.

RUSINESS RESI

0.5

0.5

1.8

0.6

3.3

slowdown in import growth and/or an increase in exports. Even though the economy is growing slower, domestic demand is still set to grow faster than in Europe from where much of the imports have come. Western Europe had a 25 per cent share o increased U.S. imports between German 4.3 3.8 2.8 4.1 5.5 6.9 5.3 3.0 2.4 2.5 UNEMPLOYMENT RATES 19.5 15.9 8.3 13.4 78.0 11.9 8.6 4.6 5.0

To reduce the trade deficit.

other than through protectionist measures, requires either a

TRADE Volume 1980 = 100 Value \$ bn U.S. 5.8 7.5 7.5 9.5 9.5 7.4 7.2 84 94 100 97 87 81 144 182 221 234 213 201 218

overall imports has been in

equipment, accounting for a per cent. An analysis by stock brokers Phillips and Drew of import penetration over the period 1972 to 1984 shows that certain industries such as motor vehicles lost

market shares to imports in the 1970s and 1980s, whereas other

machinery and transport equipment, accounting for 55

1979 1980 1981 1982 1983 1984 1985 Latest DEMAND, OUTPUT AND PRICES % changes from previous per

5.3 3.5 18.0 72.2 19.8 6.8 Private consumption
Government consumption
Private fixed investment
Residential
Non-residential
Final domestic demend
* change in stockbuilding
Total domestic demand
Exports of goods and service
Imports of goods and service
Change in foreign balance
GNP at merket prices
GNP implicit price deflator

* As a precentage of GNP in 349.6 3,076.3 -28.1s 3,060.2 349.4 329.4 4.7 27.0 -2.1 6.0 As a precentage of GNP in building and foreign befance. CORPORATE EARNINGS GROWTH SERVICE SECTOR 1983 1977

45.1

Source: U.S. Industrial Outlook

34.8

Employment (millions) 50.0 58.1

% GNP

and semiconductors maintained their market position until the last two years. The growing current account deficit, causing the U.S. external debt to rise by over

\$100bn a year, Will result in the U.S. becoming a net debtor nation by the end of 1985. U.S. debt to GDP ratio is lower than most European countries but is very high as a proportion of exports; and the pace of debt growth is greater for the U.S. than it was in Europe during the 1980/83 period when Europe was running a current account

deficit. Although the widening trade deficit and the external debt position put pressure on the U.S. dollar, some economists consider that the continuing high level of the Federal deficit -\$225bn in 1985 -could prevent the dollar falling the competitive position of U.S. industry and thus improve the export position.

U.S. AND FOREIGN DEBT! % Export % GDP 125 2.6 40.4 8.3 † U.S. 1985 (forecast) Europe 1985 Source: American Express Bank DEMAND (Total Doniestic) 2.3 4.2 1.6 -1.8 0.9 1.0 1.7



the City. Rent is cheaper, no rates to pay until 1992; system, spacious offices, no traffic jams, a sports arena,

After all Docklands is the natural extension to | there's an up-to-the-minute cable communications

year's downturn in the fibre cycle – the first real test of its reinforced and slimmed down structure - has come remarkably close to bearing all the stress without showing signs of wear. Though operating profits for the year advanced by a modest 5 per cent to £134m in the year to March, the time when they would have dipped even more alarmingly than the demand for acetate yarn is only a few years in the past. At 144p the share price scarcely moved.

Though it is still necessary for Courtaulds to cut capacity in its formerly crucial product group, cellulosic fibres, the endgame stage of this process has just about arrived. Despite all the political counciling to all the political opposition to the planned closures in Wales. the market is probably relieved that Courtaulds did not throw away its shears after the rights issue. And the ability to absorb associated write-offs - amounting to about £30m in these figures - can now be seen as one of the freedoms that the new equity was meant to provide.

Tekel, the state tobacco and liquor monopoly that, because a major U.S. acquisition appears to have receded as the group has begun to find more ways of using its cash intern-ally. Capital spending last year was well over twice the depreciation charge, and Courtaulds' confidence to reinvest within its existing business portfolio can be gauged by its willingness to tolerate a cash outflow of £30m or so. With

on loan capital will rise, the capital will either replace wholesale deposits costing only marginally less or will be put on deposit itself, bringing in a stream of income almost large Courtaulds' resistance to last misleading though the interest stream of income almost large enough to wash its face. But this assumes that the banks do not gear up at all, and though they will not, presumably, lend up to the limit on their new capital. there must be some temptation to earn just that little bit more than they would in the interbank market.

1965/74 1975/84 1964

6.8

And here Quilter is right in bemoaning the low standards of profitability. While Sweden can borrow \$500m of 20-year money at 0.0625 per cent under Libid - the banks marginal cost of finds - there can be little feet. of funds - there can be little fat left for the lenders. That is if the Bank of England does not stop them lending by raising before opening time. Demand was also heavy among expatriate

Was also neavy among expandance
Turkish workers.
As a result, the entire issue
of TL 40bn certificates was sold
out within two days. They are first Bosphorus bridge.

There is nothing so interest-ing in the UK brewing world today as the scamper for market share in lager - a liquid to which miraculous commercial powers are ascribed. Yesterday saw Boddingtons paying a mere 26 times expected earnings for the opportunity to brew lager in the north-west; while, in another part of the market, Allied-Lyons' share price pierced the £2 level on the evidence of a better perform-

suggest that up to 200 contracts could be affected by Libya's cut-

backs.
The slowdown in Middle East activity is reflected in STFA's turnover. In 1982 it was \$236m. in 1983 \$215m and last year it was \$205m.

was \$205m.
The company, like others, is now looking closer to home for work, and with the tight margins it has achieved in Middle East stand a good chance of doing well in Turkey.

STFA is the lead Turkish company in the controversial \$550m contract to build a second Bosphorus bridge together with the access roads

and motorways.
STFA is involved with Italian and Japanese companies in a consortium which undercut a rival tender from Enka and Cleveland Bridge, the British subsidiary of Trafalgar House, the company which built the expected to bring an average net interest of 50 per cent a year. Dividends are to be paid every

six months.

The Keban dam, on the Euphrales, is said to be the fourth largest hydro power Cabinet ministers claimed it was only because of the ex-tremely generous nature of Japanese export subsidies that whether it can achieve with four lagers what Bass does with two: obviously, it is no good if

perpetual floating rate notes to boost their capital ratios, the few notes of caution have mainly been aimed at the investors who bought the paper. Now analysts at Quilter Goodison are suggesting that the notes are not even unmitigated 200 men in the South Yorkshire area would like to be trans-ferred to moderate pits.

The Manvers management, he said, had insisted there would new capital, the argument runs, their margins will be squeezed even more, the loans they make will be of poorer quality and the authorities will probably clamp down on bank lending to restrain money supply growth.

If they do not gear up, income gearing will rise because of the increase in loan servicing costs.

more this year than the fim of 1974 is another matter, at that Allied is the cheeses at that ranged is the cheapest of the easily have built a lager brewery as good as Higsons, launched a more promising brand and still had change to tories or other fixed assets as its share of the venture.

The market was sceptical enough to cut Boddingtons price by 6p. to 73p, which at least had the virtue of keeping the agreed offer below Higsons' net asset value. Even that price seems to discount all the advantages of improving capacity use by splitting ale and lager between the two breweries. There may be bene-fits in doing up pubs on Merseyside but Higsons did not think

ment and the reorganisation of its brewing division will pay off before the competition discovers could be moved from Manvers. That man had his home smashed has been the setting up of joint somthing else.

The requirement to publish The requirement to publish a five year profit record on the way to obtaining a full Stock Exchange listing is perhaps not as onerous – or quite as revealing – as investors might think. The principle is apparently that the profits which figure in the prospectus record should be all and only those strictly carned and only those strictly carned by the assets being offered for sale. Thus it is easy, and per-fectly legitimate, to show a smoothly rising progression if only you sell off enough of your loss-makers, before the contr loss-makers before the prospectus is drawn up.

THE MANAGEMENT PAGE

AS FAR as the Japanese gov-ernment is concerned, BMW, the eriment is concerned, BMW, the German car company, is the best thing to happen to Japan in a long time. "Successful foreign firms: a look at (those) who have played the game and won," reads the headline on a glossy handout about BMW in Japan.

But at BMW Japan's head-quarters in Tokyo, one gets a different impression, "We are talking here about peanuts," says Luder Paysen, managing director of BMW Japan. "We are not a showcase, at least not

Between the Japanese hype and the German pessimism lies a story worth examining, BMW Japan has made remarkable progress in Japan to date. Even so, it has barely scratched the surface of Japan's \$15hu surface of Japan's \$15bn domestic car market (3,095,600 cars in 1984), the second largest in the world. So how has BMW got as far as it has and how much further can it go?

Ti

First, take a look at BMW in Japan versus its foreign com-petition. According to figures complied last mouth by the Japan Automobile Importers' Association, General Motors sold 23 Cadillacs in Japan during April, Chrysler sold five cars, Jaguar of the UK managed 22 seles Tolkie Foregree sold 39 sales, Italy's Ferarri sold eight, while Volvo of Sweden unloaded 116 cars. (The Japanese bought nearly 240,000 ssenger cars in April, in

BMW, on the other hand, handily swept ahead of the competition with sales of nearly 1,100 cars in April. Only three other automakers figure on the Japanese scene and they are Mercedes Benz, Audi and Volks-wagen. VW, in fact, will prob-ably outsell BMW this year, but its sales will be down on its 1980 level of 14,000. BMW has jumped from just over 3,000 cars in 1980 to an estimated

cars in 1980 to an estimated 11,000 this year.

The architect of this striking, if still very modest, success is Lüder Paysen, an apple-cheeked 45-year-old who was born in Flensburg, West Germany and holds a degree from Hamburg University in economics University in economics University University in economics. Unlike his counterparts in Japan's auto his counterparts in Japan's auto industry, Paysen had no experience of BMW or motor cars before joining the company in 1981 in Tokyo. Instead, he product Japan is changing brought with him seven years of experience as a specialist on setting up businesses in Japan.

As soon as Paysen arrived, difference. Our car is suitable BMW stopped selling through a local importer; and set up its local importer and set up its own sales subsidiary. "If you own sales subsidiary. "If you really want to approach a market on a full-time basis, you can't rely on a local importer. He has a short-term profit orientation and doesn't have the financial strength to take a long-term view." says



Yoji Hamawaki (left) and Luder Paysen, chairman and managing director of BMW Japan

BMW's Japanese driving lesson

Tokyo thinks the German car group is a winner. Carla Rapoport reports

	ARS	IMPOR	TED	TO .	JAPAN	(ON A	REGIST	RATION	Basis)	
		1980			1981	1982	1983	1984	4	1985 (est) ⁴
	Re	gistration	%						%	
BMW		3,187	7.1		3,662	5,293	6,298	8,85		11,000
Mercedes-Be	ηZ	3,887	8.7		5,320	5,751	6,612	7,488	3 17.8	9,900
YW .		14,002	31.2	1	12.047	11,793	9,664			12,000
Audi		3,803	8.5		3,243	3,283	3,563			6,600
Porsche		855	1.9		611	560	535			550
Other Europ	ean.	8,121	18.1		5,485	5,274	5,969			8,200
U.S. cars		17.016	24.6		7,742	3.562	2,645			2,300
Total Impor	69	44,871	100.0		38,110	35,516	35,286			

Source: BMW Japan

To Paysen's competitors, this traumas to date, however, one means BMW is losing money in could almost forgive Japan. Paysen says this is not Americans if they had de true. Still, he admits BMW Japan has the highest expenses of all BMW's subsidiaries, adding, "our idea is not profits, but the long-term view." He insists that the subsidiary has been in the black for two or

Americans if they had decided to desert. From two branches and 30 dealer outlets in 1981, BMW now has five branches and 60 dealer outlets. Still, he is hampered by a chronic shortage of suitable dealers and trained managers. "Our problem is not demand, but personnel and distribution," he

The problem is two-fold in homogenity, they want to be personnel. Good Japanese different and project this managers don't want to join a difference. Our car is suitable foreign firm for fear that the for that," he says.

Couldn't an American car fit in this niche just as well?

"American companies see the long-term as one to two years. We see it as 10 years. Also, I think the U.S. has changed its the long-term description of the long-term should be a suit of the long-term as one to two years. We see it as 10 years. Also, I think the U.S. has changed its decision makes or solvingers as of the long-term should be cause most tend not to be make dealers from scratch. One

decision making process," says Paysen.

As part of a long-term management development plan, BMW is now recruiting 10 graduates a year and sending them to Munich for training, but it is a lengthy process. In distribution, the problems

are more acute. Dealers in Japan are contracted to individual automakers. A market-ing director of Tokyo Nissan, one of Nissan's largest dealers, admitted recently that he would like to be able to sell foreign cars, but his is a public company and 25 per cent of the shares are owned by Nissan. As it is, Tokyo Nissan cannot even sell used cars from another

BMW, as a result, has had to attitude toward the market; the decision-makers or achievers as of its most successful was have given up individuals. "We have a small started by a Japanese business-organisation here, so we can't man who was importing After listening to Paysen's rely on a group-oriented German furniture and wanted

consuming and expensive," says

At the same time. Paysen had a host of other business problems to tackle, some in ternal, some external. On the internal side, Paysen revamped the group's pricing structure.

"Our previous importer went for high profit, low volume. When we started three years are drawned the previous by ago, we dropped the price by 10 per cent." Over the past three years, BMW's 5-series prices went down by 11 per cent while the prices of Japanese cars went up.

Still, BMW's 318 is twice the price of a Toyota Soarer, a com-parable luxury car. To counter this difference, BMW has set up its own consumer loan pro-gramme, which charges a pur-chaser a 9.5 per cent interest, against a 15 to 18 per cent interest charge from the competition.

On the external side, BMW has to cope with a difficult parallel importing situation. Japan has a "10-at-a-time" rule, which allows anyone to import foreign goods without any inspection, as long as they are just bringing in 10 at a time. In BMW's case, these small importers bring in EEC BMWs which have not been built to conform with Japan's strict emission laws. Sur-prisingly, they are sold at higher prices than BMW sells in Japan.

"This is not price competition, but product com-petition," says Paysen. He says he has been talking to Govern-ment officials about it for three years. In the meantime, he says that these parallel importers now account for about a quarter of BMW's sales in

"I believe we can make is in this market and we will do it ourselves," says Paysen. "We are not asking for special favours but a fair break. There are non-tariff barriers, sure. Some are invisible tariffs, cultural things, like the distribution system. These are things you can overcome. It is the visible ones, like parallel importers and special regulations, which are discrimination against foreign products.
"Sometimes I have my doubts

about how successful we are, We have 0.25 per cent of the market, total imports account for less than 1.2 per cent of the market. I wouldn't say we were successful until we have 20 per cent of the imported car market. In Germany, imports are about 20 to 25 per cent of the market. In England, Japan has about 12 per cent of the

When BMW achieves its modest goals, perhaps it will then be the showcase Japan

to expand. "Still, we had to consumer electronics train him; this is very time.

In Japan's footsteps

Terry Dodsworth on the move of Korea's Samsung into the U.S.

U.S. INDUSTRY is gradually lems. It has a clear, long-term trial badlands, some of it is waking up to the fact that the strategy, and it is now setting about applying it. The approach panies from the Far East does not only involve the Japanese. The South Koreans and the Taiwanese are also looking at "The Korean people think". Taiwanese are also looking at the vast American market and deciding that they need to be producing in it to make their presence felt in the world.

"The U.S. market place today is a very visible one for any manufacturer," says William Delaney, vice-president of sales and marketing at Samsung Electronics America.

Samsung is among the van-guard of the new wave of Far Eastern investors, a year or so behind Goldstar, also of South Korea, and Sampo of Taiwan, all electronics manufacturers. The consumer electronics divi-The consumer electronics with sions of the group has just inper cent tariff imposed by executed \$25m in a television and U.S. Commerce Department.

Samsung also borrowed from the idea of tarmicrowave ovens.

known as Samsung in the U.S., the investment represents a sizeable gamble. It is moving into an overcrowded market characterised by ruthless competition between the U.S. producers and their burgeoning Japanese rivals. According to industry figures, there were 30 different television brands fighting it out in American stores last year, and none of them had a larger market share than the 19 per cent held by RCA.

Unlike many of the earlier generation of invaders from Japan, Samsung has also plunged in before it has built a substantial market base, Outside the industry, its name is barely recognised — the bulk of its sales up to now have been in the name of large department stores such as Sears of J. C. of a dip in sales in the first six months of this year, when volume fell by about 6 per cent. the decision to chose New Jer-

"The Korean people think Japanese businesses are very successful, so we are imitating

successful, so we are imitating them," says Yong-Suk Lee, president of the U.S. group.

Stage one of this process was to establish a toe-hold in the U.S. and develop a visible market share. It set up a sales office to liaise with its U.S. office to liaise with its U.S. customers in 1978 and began to carve out its own little niche at the bottom of the market, selling on the basis of price. Indeed, Samsung's colour television prices were so low last year that it was hit by an antidumping suit and for several mantile suffered a massive 52

the Japanese the idea of tar-geting a particular market — or what American academics call the creation of comparative about 50 miles from New Luta in a quiet, rural New Jersey setting. The 340-employee plant is already churning out sets at the rate of around 400,000 a year, and is aiming to hit South Koreans have in this respect gone even further than the Japanese. Who have usually the Japanese, who have usually For a company as little relied on the base of a large volume in their domestic market to develop their products.

Credibility

When it came to colour television, for example, Samsung forged ahead with manufacturing in South Korea even though it could not sell a single set in its home market, since there was no colour television network at the time.

The company is now moving

into the second stage of its U.S. strategy as it sets up a manufacturing plant and a distribu-tion system which it believes will help to establish its credibility and broaden its appeal.
"The decision to build a plant gives a very strong statement to U.S. customers that we

are here to stay," says Delaney.
"We are here to manufacture, Penney, not under its own distribute and service to the aftermarket is very important in the the U.S. at a time when competitors can be expected to fight
back even more fiercely because
of a dip in sales in the first
presence on customers and the

Samsung, bustling with the sey as a manufacturing base, odd demographic factor in the vitality of a very young company, does not seem in the least of the state are by no means overawed by the potential probability of the state are by no means overawed by the potential probability of the state are by no means overawed by the potential probability of the north eastern indus-

tainly has higher wage rates than the less developed south, where many of the Japanese have gone with their initial investments.

New Jersey, however, is right on the doorstep of New York, the biggest consumer electronics market in the U.S., and there-fore, says Delaney, an ideal location to support the specia-lised national dealer network he is putting together. In addition to the manufacturing faci-lity, the group is putting more money into a new warehouse and computerised distribution centre much closer to the city, in the industrial belt just across the George Washington bridge.

"We came to New Jersey because strategically this is the market place where you can reach the consumer the most quickly," says Delanev.

The attempts to achieve more visibility through local manufac-turing is also being linked to an effort to upgrade the image of the Samsung products.

tive way of breaking into a market, but they do not build customer brand loyalty, and in Samsung's case, selling at least half its products in the names of the big retail chains, have not satisfactorily created the image it wants. The answer to this dilemma, says Delaney, is to establish the company's name as a high quality producer exactly the tactics that the Japanese companies have applied in the U.S. as they have steadily moved their products up-market.

The emphasis on quality is evident on the production lines, where Donald Harvey, the plant manager who has previously worked for both Yamaha, the Japanese motorcycles group, and Sampo, emphasises the sort of participative management methods which are almost standard in Japanese companies. Sets are intensively checked before they move out of the building, employees work on a free-flow conveyor belt system which allows them to proceed at their own pace, and there are reguar communications sessions This process is helped by an odd demographic factor in the

LAST MONTH, eight foreign merchant banks and consultants sent representatives to Turkey might win them contracts to advise the Government on ways to privatise more than 30 state concerns, many of them cumber-some State Economic Enterprises (SEEs).

Syrian concern about the possibility of fighting spreading to other parts of Lebanon was indicated by the long meeting in Damascus on Monday between President Hafez al

Assad and Mr Hustafha Saad, The list is something of a mixed bag But if the hiving off of Turkish Airlines and other government concerns were to have anything like the success of revenue sharing schemes in the Bosphorus Bridge and the Keban hydro-electric dam. Mr Turgut Ozal's team would have every reason to be pleased.

Income-sharing certificates in the 10-year-old Bosphorus Bridge sold out within an hour of going on sale last December. netting about TL 10bn (£16m). With certificates offering investors a return of 18 per cent over three years or 16 per cent over five, the issue was vastly

oversubscribed.

The bridge brings in revenue of about TL 12bn a year. Thuty per cent of this profit is to be distributed to the bond holders. The sale of certificates in the Keban dam on the Euphrates in January caused only marginally

Queues formed outside the branches of the Bankasi in

A similar revenue sharing scheme is planned for the \$2bn Ataturk dam, also on the Euphrates. When completed -hopefully by 1990 - the dam should have six 300 Mw power units. More importantly, it will also irrigate the arid Urfa plain in the south-east of the country and is predicted to double

agricultural production. The project is the sort of stuff Turkish dreams are made of and there should be no short-

age of demand for shares. Regional brewers, such as Boddingtons, have now con-vinced themselves that they will be trampled to nothing by the titanic struggles of Allied, Bass and Whitbread - all of whom are churning out 40 per cent of their production in the form of ufter years in which it reported losses, charges too little for air fares inside the country and its internal routes need substantial

reorganisation. According to Dr Namik Kemal According to Dr Namik Acmai Kille, the director of Turkey's Foreign Investment Depart-ment THY will probably try to link up with one of the Euro-pean airlines. He expects an initial study to Lazard Freres on how best to rationalise the company's operations and the various sales options to be completed by the end of next

Shares in the company could be sold to the public in much the same way that British Tele-

It appears that the Government's intention of dragging financial resources out from "under the mattress" has worked splendidly.

The species of the factories and to go into competition with the state monopoly for the crops of the 63,000 small farmers producing tea on the Black Sea coast Foreign companies have also shown a great deal of interest in Turkey's tea in-

dustry.

Producer prices for tea are at present about TL 100 a kilo. The Tea Board sells the better quality varieties for TL 2.500 a kilo. The score for competition. kilo. The scope for competition is thus enormous

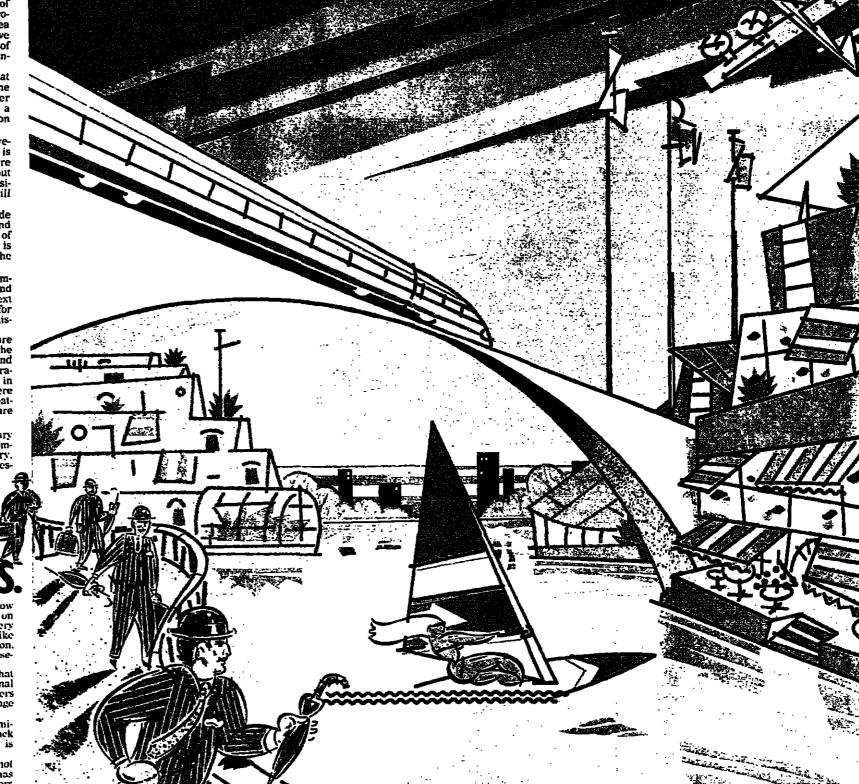
While private sector involvement in the tea industry is reasonably advanced - there are no plans for creating estates out of the smallholdings - the possibilities in other areas are still being explored.

Most progress has been made in the mining, cement and textiles industries. A study of Etibank, the mining concern, is due out at the same time as the

first THY report. Sumerbank, the textiles company, and several cement and fertiliser plants are to be next on the list, the prospects for cement being the most promis-

The proceeds of state sales are to be channelled through the Directorate of Mass Housing and Public Partnership Administraice with Tory supporters in areas such as Yorkshire, where reports of unsympathetic treat-ment for moderate miners are widely circulated.

Mr Roy Crossland, secretary of the working miners' com-mitte at Manyers Colliery. South Yorkshire, estimated yes-



water sports, floating restaurants, waterside pubs, a light railway system (1987) and the new STOLport.

Feel moved? Ring 01-515 6000 and ask for our annual report. London Docklands

hours a year. Profits for 1985 are predicted to be about TL75bn

There was some criticism that the smallest share was TI. 50,000 a sum considered by many to be out of the reach of the average Turkish citizen, already hard pressed by rising prices and proded real earnings. Nevertheless, many entirens did purchase the shares and bankers fears that people would

liquidate their savings to buy them proved unfounded. The NCB offered to meet the 10-member national executive of Nacods at 4 pm today at its Hohart House headquarters in London It is believed that some area directors may attend.

is regarded as one of the more difficult privatisation projects, has seven tobacco factories, some of them very ancient. Four more are being built and these could be candidates for private sector investment.

Rothmans International of the UK, which has set up an experimental project in the east to grow Virginia tobacco as opposed to Turkey's black leaf, would ultimately be interested in one of the new factories.

in one of the new factories.

Another privatisation variant is to be found in the tea sector where private Tarkish companies have been allowed to stopped when 45 deputies staged a 24-hour stoppage in profest against two of their collegences who worked over the leagues who worked over the bank holiday weekend in contravention of the overtime ban.

who worked during the strike and have faced intimidation, both at the time and subse-

quently.

But it is also pointed out that the issue is one for the National Coal Board, and that ministers can do no more than encourage the NCB to help moderates.

The NCB insists that intimi-dation of those who went back to work during the strike is dropping steadily. It maintains that it will not give in to intimidation, has already transferred some miners who were threatened.

has sacked others for violent or

threatening behaviour, and that the number of requests for

transfers has dropped from

AN OUTLINE for a national invest- shortly, it says that the case for a But these would be funded directly ment bank that would raise finance for British industry and fund largescale projects of national importance has been drawn up by representatives of the City of London, Whitehall and industry.

A group working as a committee within the National Economic Development Committee (NEDC) - a tripartite body composed of government, industry and union representatives - avolds drawing any conclusions on whether such a bank is actually needed in the UK.

But the readiness of this broadly constituted body to tackle the practical aspects of setting one up should give a boost to those who have pushed for a new financial intermediary between industry, gov-ernment and the City since the idea was mooted five years ago.

The NEDC committee is chaired

lines of those in some continental European countries is that profi- sector status of the institut table opportunities for long-term high-risk investment cannot attract finance in the UK.

It envisages a government-backed but largely privately funded bank that would operate as far as possible on commercial terms. A starting equity base of £50m to £100m would enable it to gear up to lending of £1.25bn to £2.5bn. This could be increased through retained

would be two divisions, one to act as a channel for private finance for general industrial purposes, and another to finance large projects in either the public or private sectors. With an expanded role, the institution might have two further divi-

national investment bank along the from public sources and would not undermine the essentially private

> would be aimed at firms with no track record of innovation wishing to embark on new projects, and unsteady compenies with recovery potential. It could also raise funds quickly for large infrastructure projects such as a fixed Channel link, energy pipelines, roads and rail electrification, all of which require large amounts of long-term money and might not be viable in the short

The bank's equity base would be provided by government and UK fi-nancial institutions, but most of its lending would be financed from the public markets through the sale of non-equity securities. To ensure by Sir John Baring, chairman of sions to provide financial support that it could borrow on the finest Baring Brothers, the merchant for industry and make specific interms, the bank would be guaran-

FT index switches to real time

nary share index on a real time ba-

This means that during the day the index will be calculated each time the share price of any one of

The new service will be provided by the FT in conjunction with Extel. Calculations will be made on Extel computers with a continuous share price being fed into the computers and the new index value being transmitted to a variety of informa-

AS FROM today the Financial tems provided by Ceefax, Oracle The FT index is calculated on the Times will calculate the FT Ordiand on Prestel Citiservice will up share prices of 30 leading UK comdate the index every 15 minutes on the hour, half and quarter hours. For the time being, however, the British Telecom Dial-the-FT-Index service will remain on an hourly up-

> The FT's own office display will be initially updated regularly, with the intention, as soon as possible, to update every minute.

Mr Frank Barlow, the FT's chief has been increased to once an hour executive, said: "I am delighted, at for the past decade or so. The index the time of the 50th anniversary of started at a value of 100 on July 1,

The bank's commercial lending

panies covering a wide range of British manufacturing and service

the feel of the equity market and es-pecially to detect changes in the market mood as reflected in the

prices of the leading and most ac-

tively traded shares.
Originally, the index was calcu-

New cargo **facilities** planned at Dover

By Andrew Fisher. Shipping Corresponden

DOVER, the world's busiest ferry port, which is likely to handle more than 14m passengers this year, plans to invest more than £20m in the next two years in new passenger and cargo facilities.

That will form part of its overall spending programme of up to £200m over the next 15 years. Even if a fixed-link project across the Channel is approved, it still sees the need for heavy investment.

Ferry operators from Dover such alink, Townsend Thoresen (part of European Ferries) and Hoverspeed also plan investments, which might exceed £150m, in big ger, more modern vessels. Finnish owned Sally Line in Ramsgate and West German-owned Olan Line in Sheerness may buy new ships later in the 1980s.

Dover Harbour Board, which last year made a £7m pre-tax profit on turnover of £25m, slightly more than in 1983, last year opened a new £3m coach passenger terminal and is building a £1.5m shopping and fast-food building for car passen-

After recisiming 10 acres of land at a cost of nearly £8m, including two new tag berths, it is going ahead with the reclamation of 10 more acres for a further £8m. The extra space is needed to park growing freight traffic.

The port is also negotiating with the Government and British and lated once a day at the close of trad-French railways on modernising rail freight ferry facilities.

Ferry operators planning new capacity have also said that a fixed link, if built, would still be far enough off to justily new ships. MULTINATIONALS ACCUSED OF ERODING CAR OUTPUT IN BRITAIN

Challenge to tied imports policy

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

cism of their car production policies cars." in Britain in a report produced with financial help from BL, the state-owned vehicles group. The report maintains that the

erosion of car production in Britain has been caused mainly by the strategies of the multinational companies - Ford, GM and Peugeot, the Talbot company. "All three have increased their so-called tied imports from their European plants and have ceased exporting cars from

taining very few components made in the UK," says Mr Dan Jones, a leading motor industry expert and senior research fellow at the Uni-

importers of 350,000 cars in 1984. In drain on the UK balance of pay-

The UK Government should stop FORD AND General Motors react- nents represented the equivalent in ed angrily yesterday to severe criti-value of a further 150,000 imported

> about GM, the Vauxhall-Opel group, policies of which, he suggests, are "in clear conflict with the national interest of the UK. GM is using some of its record profits in the U.S. aggressively to buy market share in Europe with the publicly stated aim of overtaking Ford outside the U.S. Because the UK is Ford's largest market in Europe, this battle has been particularly bit-

ter here." "GM and Peugeot have gone further by reducing their UK operations to the assembly of kits control to the assembly of kits cont not prepared to see a unique opporjeopardised in this way. Clear and senior research fellow at the Uni-versity of Sussex's Science Policy reached with Ford and GM to increase the proportion of their cars Together the multinational pro-ducers switched from being net ex-to increase the level of local content porters of 200,000 cars in 1973 to net in those cars and to reverse the

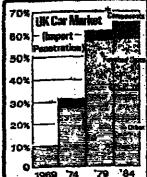
standard it was allowed to use to measure "local content" in its cars -

buying cars from those producers which do not fulfil their commit-60%)- (bapert ments, either on a local-build ratio, on domestic content or on net bal-"Having extracted promises from Nissan to reach 80 per cent local content by 1991, the UK Government is plainly not applying equal standards in relation to GM," Mr

Jones says. GM yesterday replied by saying that it employed 27,000 people directly in Britain

If CM had not integrated the onerations of Vauxhall in Britain with those of Opel in continental Europe, Vauxhall would have been in liquidation and there would have been no jobs," the group insisted.

Ford pointed out that European Community content was the only



cars was 92 per cent and when Spain joined the Community in January it would go into "the upper

Ford said it had invested more than any other UK-based car group and reduced its workforce less th and this was the standard which would apply to Nissan's UK operathat UK factories had been unable By that European measurement, at present the local content of Ford continent in terms of productivity.

Jaguar makes profit in West Germany

JAGUAR DEUTSCHLAND, the joinly owned company with which the UK luxury car producer is making a strategic thrust into West Ger-tribution group, has majority con-showrooms in West Germany. many, was profitable in its first full year of trading.

It made a net profit of DM 1.6m (£401,000) on a turnover of DM 107m in 1984 and will do better this year, according to Mr John Edwards, finance director of Jaguar.

The UK company owns 35 per cent of Jaguar Deutschland, which was set up with a capital of DM 6m (£1.5m) when Jaguar split its West German import operations from

those of its former sister company the new outlet will sell 50 cars durwithin BL, Austin Rover.

trol and is responsible for the management of the new German comees at Kronberg, near Frankfurt.

the showroom stands alongside a affluent areas in West Germany.

Emil Frey, the Swiss vehicle dis- one of the most successful Jaguar

West Germany luxury car market pany. It has set up an import centre the second-largest in the world af-and headquarters with 65 employ-ter the U.S. – has been limited. But port sales to its seven main contines at Kronberg, near Frankfurt.
Today, a car retail outlet attached the company intends to do much better in the domestic market of its

Sales of Jaguar in West Germany busy main road in one of the most in 1982 were only 845 in a huxury ffluent areas in West Germany. sector of about 60,000 a year. Last a half-yearly performance only Jaguar confidently predicts that year Jaguar Deutschland raised per cent down at 39,988.

the new outlet will sell 50 cars dur-ing the rest of this year, making it 2,500 in 1965. By 1990, the company German luxury car business and So far Jaguar's penetration of the reach 5,000 to 6,000 registrations a

cent this year to \$8,000. The volume to the headquarters building will be main rivals: Daimler-Benz (the car division of BL made a poor start formally opened. Dressed in Jag-Mercedes group), BMW and to the year with exports to Europe down by 29 per cent in the first in the three months to June, giving

Defence chiefs alarmed at loss of skilled personnel to industry

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN'S defence chiefs are wor-ried that the squeeze on the defence and RAF are already losing skilled budget will lower morale and re-

The heads of the Army, Navy and Royal Air Force (RAF) are expected to show their concern when they commonplace. It is understood, for meet Mrs Margaret Thatcher, Prime Minister today.

continued access to the Prime Min- in Germany compared to under 30 ister a year ago as compensation in the whole of last year. for accepting reduced powers under the reorganisation of the Ministry of Defence by Mr Michael Heseltine, the Defence Secretary.

Sir John Stanier, Chief of the General Staff, and Sir Keith Richardson, Chief of the Air Staff, both of whom retire before the end of the year, and Sir John Field-house, First Lord of the Admiralty (who is to become the new Chief of Defence Staff), are alarmed at the effect of the Government's defence

They fear that over the next three to four years, increasing numbers of men will leave the services for more attractive employment

personnel both at the level of midduce efficiency in the three armed. dle-ranking officers and of the skilled ranks. Offers from industry of three

> times service salaries are said to be example, that in the last six months just under 50 colonels have retired

> For men in the ranks, conditions are said not to have improved as much as the recent 7.5 per cent pay increase would suggest, since the rise has been partly diset by in-creases in rents, food and other items and, for those serving abroad, by a decrease in the local overseas

The service chiefs believe that they have gone as far as they can to move men from support areas to Look" plan, which aims to switch 4,000 army personnel from the "tail" of the army to its "teeth" over the next two to three years. nising that the Government is high-

The chiefs accept that the ser-

vices have been well treated over the last seven years when there had been a cumulative real increase of some 15 per cent in defence spending. But they fear that what one describes as the seven fat years will now be followed by seven lean ones, as the Government plans for what it calls level funding of the defence budget, which is at present just over £18bn a year. The House of Commons defence committee in a recent report estimated that level funding might result in an actual decline in the budget of 6 per cent

they have gone as far as they can to move men from support areas to the front line, as is happening until the front line, as is happening until the continually rising costs of equipment have resulted in smaller numbers of men in each force than is "practicable for the tasks they are expected to per-

Workers will fight closure in Sheffield

By Helen Hague, Labour Staff WORKERS AT British Steel Corporation's (BSC) Tinsley Park works in Sheffield have voted to continue to oppose plans to close the special steels plant.

The vote - recorded in a secret ballot conducted by Sheffield In-dustrial Mission – overturned a previous "show of hands" decision to accept closure.

It revealed that 940 of the

1,100-strong workforce voted — with 493 opposing the closure plan. Mr Geoff Stronach, secretary of the works multi-union committee, which has led the right against closure, said he was elated by the new mandate to continue the survival battle. The committee meets today to decide the next step. Mr Stronach, said: "This gives

us a free mandate. We are very pleased. I was surprised that the majority was so small."

The main steel union, the Iron

and Steel Trades Confederation, has already instructed members at other plants in BBCs special steels division not to accept increased shifts or extra orders resulting from the rundown or closure of Tinsley Park.

BSC management has told the unions it plans to shut one of Tinsley Park's two furnaces and transfer men and orders to other South Yorkshire special steel plants after the annual works shutdown in August.

Mr John Pennington, BSC's special steels managing director, said the ballot decision would, regrettably, not alter the corporation's plans to shut Tinsley Park - adding that it would be wrong to raise hopes that the shutdown would not take place.

Steel users back case for cutting capacity

sire to close one of its three wide free next year," he said.

and TI, says that Britain cannot afford to have an inefficient steel industry at a time when other steel makers are making heavy capacity

To deny BSC the opportunity to make similar, necessary capacity reductions would put it under pressure to charge higher prices than its competitors," BRISCC says in a memorandum submitted to the Government this week.

"It would not only be BSC and the industries' competitiveness and ability to offer jobs would also be damaged."
The BRISCC memorandum fol-

lows the reopening of local public campaigns last month to preserve the strip mills, which are located at Port Talbot and Llauwern in south Wales and Motherwell in Scotland. A government undertaking in 1982 keep the three open expires at the end of this yar.

Last week, the House of Commons trade and industry committee joined those urging the Government to renew its undertaking.

controls on the European steel mar-

of BRISCC, poured scorn on that cause of its coastal location.

BRITAIN'S STEEL users have view. "It is difficult to see what evi-come to the support of British Steel dence the committee had for saying Corporation in its controversial dethat the European market would be

The British Iron and Steel Consumers Council (BRISCC), which represents most of the country's big steel users, such as BL. Metal Band it is a delusion to include the country's big steel users, such as BL. Metal Band it is a delusion to include the country's big steel users, such as BL. Metal Band it is a delusion to include the country's big steel users, such as BL. Metal Band it is a delusion to include the country's big steel users, such as BL. Metal Band it is a delusion to include the country's big steel users, such as BL. Metal Band it is a delusion to include the country in the country in the country is the country in the that BSC can step up exports to any substantial extent " BRISCC points out in its memor andum that UK steel consumption

has declined by 25 per cent since 1979. Even on the most optimistic

be realised given the Government's policy towards infrastructure investment - we do not see it rising above current levels in the medium The scope for BSC to regain market share from imports or by in-

job security of its employees which would be affected. The steel-using ental producers are unlikely to tolental producers are unlikely to tol-erate any substantial erosion of their traditional markets without taking retaliatory action."

BRISCC points out that BSCs theoretical capacity is still over 20m tonnes, while UK consumption is likely to be around 12m tonnes this year, It recalls BSCs disclosure that the retention of excess strip mill capacity adds about £90m to its costs. This is equivalent to £25 per tonne of strip mill products, or nearly 10 per cent of average selling

BRISCC says the precise closur decision is a matter of commercial The committee said that market judgement for BSC, aithough it claims that the performance of the ket would be removed at the end of Ravenscraig mill in Scotland is still this year. Then ESC, which has be-not as good as the other two. It says come a much more competitive supplier, would be able to increase its supply of certain products for a sales in Europe significantly.

mumber of users and Port Talbot has the best long-term potential be-



The world's armies home in on infra-red pictures

THE DEVELOPMENT of infrared radiation (heat) detec- Despite its reputation as the most accurate navigational from the world's armed forces anxious to use systems one nautical mile for every hour of flight time. based on these detectors for everything from turning night into day for helicopter pilots to guiding missiles to their targets with pinpoint accuracy.

There are, to be sure, commercial and scientific spin-

offs like the Atmos measurements of the upper atmosphere (see right) and the possibilty of cheap night vision for passenger cars (see below) together with early detection of breast cancer and other ailments, but it is the potential of these techniques to boost military power that is really attracting the research dollars.

"You can hit a target anywhere in the world with this system," say Mr William McCracken of Honeywell's electro optics division in Lexington, Massachusetts, talking about a combination of an infrared imaging system with the most sophisticated navigation system yet developed.

and direction of travel of an aeroplane or missile, number one customer.

tion systems is being driven forward by massive interest instrument known, it can be off beam by as much as

Pinpoint accuracy can be achieved by storing an infrared picture of the target in the computer memory of the aeroplane or missile. Onboard infrared detectors peer through rain, fog, ground mist or camoflage to "see" the ground. When the ground image coincides with the stored image, the missile's guidance systems lock on to the target and guide it home with perfect accuracy.

Other military applications for infrared detectors include the detection of jet engine or missile exhausts, buried steam pipes, day or night covert surveillance, three dimensional imaging and the detection of chemical weapons on the battlefield.

This is why companies like Texas Instruments, Hughes Aircraft, Honeywell and Martin Marietta in the U.S. and Mullard, GEC Marconi, Ferranti, Zeiss and Tele-The navigation system is based on a "ring laser gyro-funken in Europe are putting renewed efforts into infrawhich can detect minute changes in the speed red research and development, with the military as their

secrets of the upper atmosphere

Unlocking

REPORTS BY

ALAN CANE

SCIENTISTS AT the Jet Propulsion Laboratory in Pasadena, California, are sifting through some 10" (100on) bits of information transmitted from the upper atmosphere after the most recent flight of the space

Dr Barney Farmer, chief investigator, said that he and his colleagues were still checking their results but it seemed likely that there would have to be some fundamental rethinking on the behaviour of

the upper atmosphere.

The plethora of experimental data which Dr Farmer and his data which Dr Farmer and his sampling of the upper atmo-colleagues are raking through sphere taken to date. The only with such enthusiasm were ob-tained in four data of the coming decade. tained in four days of intensive observations from the shuttle using one of the most advanced Called Atmos (Atmospheric

Trace Molecular Spectroscopy Experiment), it is a modified Michelson interferometer, a device which measures and records infra-red (chiefly heat) radiation, to detect chemicals in its path.

A bulky machine, one metre square and weighing around 250 kg, it took the development of the shuttle to enable it to be lifted into Earth orbit to make its measurements. Conventional satellites were not big enough. Why should an understanding of the composition of the atmosphere 100 kilometres up

the development of such an instrument over five years and at a cost of \$10m for the hard-One reason is the controversy over the role of freons (the

from the earth's surface warrant

propellant in many aerosol sprays) in depleting the upper atmosphere of ozone and so allowing through a greater pro-portion of harmful rays from It is believed that the

atmosphere can be affected by difficulties, such as words such industrial chemicals as

well as changes in the pattern shadow over the entire experi-of agriculture—especially de-forestation—and high level air-all the flight measurements into craft flight, four days because of mechanical The purpose of Aimos is to failure in the housing around find out to what extent the the laser which forms an atmosphere is being influenced integral part of the stabilising

by such changes. It means to measurements at altitudes higher than sounding halloons, surised to prevent electrical surised to measurements in the most minor constituents. The detector is pointed at the sun; chemicals lying in the line of sight between Atmos and the most minor constituents. The detector is pointed at the sun; chemicals lying in the line of sight between Atmos and the most minor constituents.

sun are detected with stagger- remaining flights of Atmos will: ing accuracy.

According to Dr Paul Morse of previously unexplored of the Honeywell Electro-Optics
Division in Wilmington, Massachusetts, which designed and atmospheric scientists in the built the Atmos interferometer, it is sensitive to one part in a

it is sensitive to one part in a Allow scientists to combine trillion (10¹²). To describe that interferometer measurements level of sensitivity, Dr Morse explained that it was equivalent to detecting a single dollar tests of the theoretical models bill in a stack of notes 79,000 used to describe the physics and about the state of the triples and about the state of the triples and about the state of the miles high.

Atmos' first flight—it has a Provide a firmer basis for design life of 10 rides in the national and international shuttle-was virtually a com- policies to protect the atmo-

plete success, recording more sphere, than the sum total of all the Provide a continuous monitor



Electronic key for car parks

A DEVICE that automatically opens the gate to private car parks is available from Soft-

ware Control of Stockport.
The gate opens only when activated by special inductive band transmitters placed on each authorised vehicle. As a car approaches the park, the barrier is raised automatically, without the driver having to stop to insert a card or push a button.

The gate closes as soon as the which has an energed the

the vehicle has entered the park. A manual override switch can be placed inside a building to admit visitors. The system can be used for embassy security gates or military areas. The cost for an average car park is about

Plasma flame coating

ANY MATERIAL with a well defined melting point can be applied as a surface coating using a new design of plasma flame gun developed by Metco.

That means most metals and many ceramics and carbides. When these materials are injected into the plasma "flame" they are instantly heated and projected as a spray onto the surface to

form a coating. Computer-aided study techniques were used in the development of the new gun, the Metco Type 9MB. The study examined the design of critical gun components subject to the very high temperature conditions of a thermal plasma. Higher power can be maintained for extended periods using the new gun giving high deposit rates with low maintenance. The benefit of high-energy

plasma spraying comes from the high gas exit velocities producing a dense coating

Day when cars will have night vision

IMAGINE driving at midnight The key is a way of bringing along unfamiliar roads on a down the cost of the infra-red detectors used to build up the lashing across the screen, visibility virtually zero despite the full beam of quartz halogen driving lights. The kind of the driving lights. The kind of a calculated risk.

a calculated risk.

Then imagine a small television-like coreen mounted on the dashboard which, at the press of a switch, gives a clear, detailed image of the road shead.

For the foreseeable future, the cost could be brought down to \$10,000 or so in a few years.

alas such a device will have to remain wishful thinking at The remedia wishful thinking at least for ordinary cars.

But night vision devices of Conventionally, infra-red detec-

barrier to this process of detec- C, the temperature at which

Infra-red imaging systems make it possible, for example, cool the detector material — to see objects hidden behind mercury cadmium telluride—to opaque screens—the level of this temperature and to keep fuel in a petrol tanker, for it there while the detector is in example, or a human camou- operation is expensive. flaged in woods.

They can even "see" back materials like lithium tantalinto time — recording for late, a so-called pyroelectric
example, the "ghosts" of aeroplanes on a runway or cars on
a street long after the planes or changes in heat energy. cars have gone,

liquid nitrogen boils is used. The equipment needed to

Honeywell is working on

These detectors do not give Infra-red imaging is expensive, however, because the detectors work best when cooled mercury cadmium telluride, but this kind are expected on small tors "see" heat energy emitted to a temperature close to absomble they promise to be ideal where military vehicles within four or from people and objects. Poor lute zero to eliminate heat reliability and low cost are five years.

"noise"—in practice 77 degrees more important.

No more shots in the dark for today's soldier

THE TECHNIQUES developed

to fabricate very large scale integrated silicon chips are being used to make infrared detectors of unparalleled resolution and reliability.

Conventional forward looking infrared (FLIR) detectors used

The trend, however, is to surface mounting, minute sensors," large arrays of detector bumps of conductor between the in the focal plane of the detector system.

The ideal in such a system is to build in a same and detector elements uniformly and achieved.

infra-red (FLIR) detectors used today for night vision systems in tanks helicopters and aeroplanes depend on mechanical scanning.

The ideal in such a system is to build in a separate detector ing a uniform response from the sensor. How can these be achieved? "With difficulty," size penalties of today's scanning systems would be aliminated.

There in the problem of cooling the matrix of detector ing a uniform response from the sensor. How can these be achieved? "With difficulty," admits Mr McCracken of Honeyning systems would be aliminated.

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The ideal in such a system in the matrix of detector ing a uniform response from the sensor. How can these be achieved? "With difficulty," admits Mr McCracken of Honeyning.

requirements. Mr McCracken sees a number

of distinct trends in modern warfare including round-the-clock combat in all climates and weather conditions, greater use of robots and automation, increased firepower, shorter times to make decision and responses and increased vulnerability of high value targets.

well.

In short, increased nastiness
But the trend to smaller sysall round, "Infra-red systems across a linear array of detections and the image built up by leans—bow, for example, are the less power with more detectors in all of these trends," Mr sophisticated, high speed elec-

Translating by machine

MACHINE TRANSLATION
(MT) is being successfully
used in a number of international organisations and
will probably soon be cost
effective for smaller companies, provided its limitations are clearly understood.

It is useful for translating technical manuals and documentation, but it is no good for legal text or marketing literature.

In most cases it does not replace human translators, it merely increases their output. MT is not necessarily fully automatic, linguists are required to help the computer and MT is always imperiect.

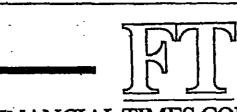
and MT is always imperiect.

Most people think of it as a program which consumes one language and spews out another. Unfortunately, it is not that easy.

Depending on the type of program used there are up to these aboves.

three phases where the human translator intervenes. • Before translation, the text is checked for easily detected missing from the vocabulary stored in the computer. In some cases, the translator has to specify dictionaries to use for the translation, to ensure that the computer only con-siders words which are rele-vant to the subject. It can be a help to enforce strict vocabulary and writing rules. This does not have to go as far as Xerox's "multinational customised English," but standardisation and consistent use of technical terms will help the machine. Human translators can cope with badly-written text. Computers

During translation, the translator is asked to resolve syntactic and semantic ambiguities. This applies in par-ticular to the interactive ALPS translating software. • Once the machine has produced a draft translation of the text, a linguist corrects the machine's mistakes. Although difficult to measure, current programs achieve 70



FINANCIAL TIMES CONFERENCES

Oil Industry Developments

Hotel Inter-Continental, London 9 & 10 July, 1985

The FT Oil Industry Developments conference will cover prices, the outlook for OPEC, de-nationalisation, the take-over scene in America, the problems of the independents, refining and petrochemicals. To be chaired by Mr John Raisman, CBE, Former Chairman of Shell UK Limited, and Mr Peter Gaffney, Gaffney, Cline and Associates Inc, the

Mr Robert B Horton British Petroleum Co pic

Mr Yves Rovani

The World Bank Mr John H Lichtblau Petroleum Industry Research Foundation Inc.

conference will include papers by:

Mr Antony Craven Walker Charterhouse Petroleum plc

Mr Michel D Marks New York Mercantile Exchange Mr James A Adamson

Chase Manhattan Bank NA Mr J H de Sola Shell Nederland BV Mr Michael Unsworth

Scott Goff Layton & Co

Mr Robert Evans British Gas

Mr Pierre Desprairies Institut Français du Pétrole

Mr Robert Mabro Oxford Institute for Energy Studies

Sir Leslie Murphy Petroleum Economics Ltd Professor A Rødland Ministry of Petroleum and

Energy, Norway Dr Frank Schmidt Mineralölwirtschaftsverband eV

Mr Henry M Rowson Trichem Consultants Ltd Mr Richard Johns

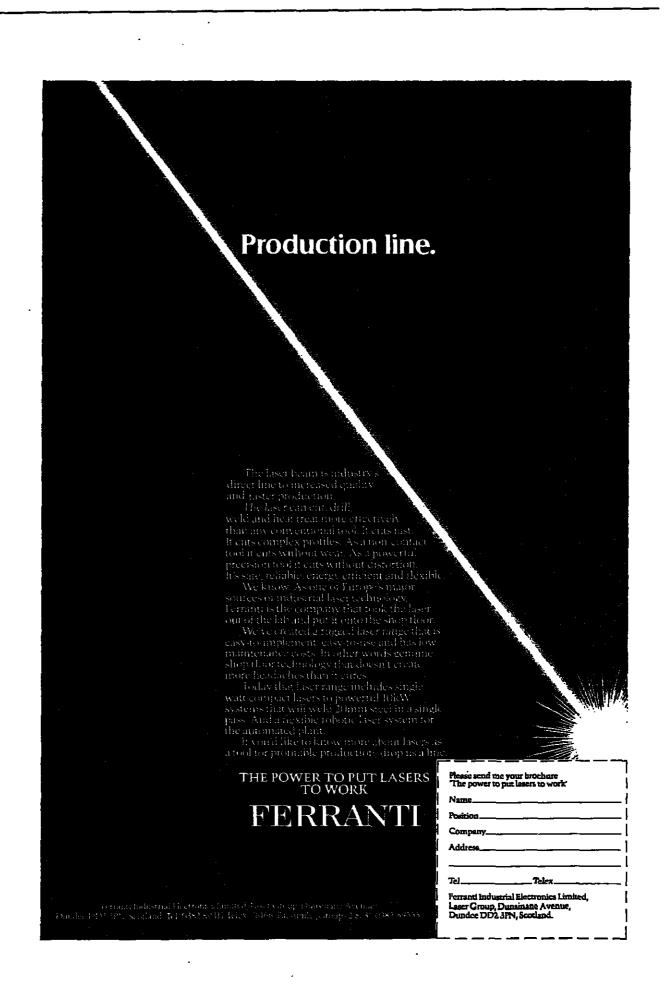
Financial Times

Oil Industry **Developments**

Please send me full details of your "Oil industry Developments" conference

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Forbes Lake of the Ozarks

OUR LAKELAND PARADISE AWAITS YOU

Your own vacation land on the fabulous Lake of the Ozarks in Central Missouri. Right in the heartland of America. Away from cities, noise, pollution and the rat-race of the workaday world. We call it Forbes Lake of the Ozarks . . . about 12,800 acres of scenic paradise. Not for everybody, but maybe for you.

The Ozarks region, which dominates most of southern Missouri, has long been lost in the legends of the Osage Indians. Now that the magnificent Truman Lake has been completed, it's merely a matter of time before the beauty of this spectacular recreational area attracts vacationers and settlers from every corner of the continent.

If yours is a family of water-sports lovers-swimming, boating, fishing, water-skiing-it's hard to imagine a more perfect setting for you. Forbes Lake of the Ozarks is nestled at the headwaters of the big Lake. Here it almost kisses Truman Lake on the west, then winds eastward through stands of hickory and oak for over 90 miles to the bustling hub of the summer resort area at Bagnell Dam.

Forbes Inc., publishers of Forbes Magazine, through its subsidiary. Sangre de Cristo Ranches Inc., is offering the opportunity of a lifetime for you to acquire one or more acres of our choice Missouri lakeland among the breathtaking "hills 'n' hollers" country of the Lake of the Ozarks.

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There's no better time than right now to find out if Forbes Lake of the Ozarks is the place for you. All our homesites, including lake front and lake view, will be a minimum size of one acre-ranging to over three acres. Cash prices start at \$6,000.* One or more acres of this incredibly beautiful lakeland can be yours for the modest payment of \$60 per month, with easy credit terms available.

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INTERNATIONAL APPOINTMENTS

Du Pont International succession

By John Wicks in Zurich

MR ROBERT V. D. LUFT has been named to succeed Mr W. Robert Clay as chairman of Du Pont de Nemours International, The Geneva-based company is responsable for sales in Europe, the Middle East and Africa of the American chemicals con-cern E. I. Du Pout de Nemours. cern E. I. Du Pont de Nemours.

The new chairman, who is 49, served in Geneva as deputy chairman and group director for Europe, the Middle East and Africa from October 1978 to April 1982. He has since been general manager and subsequently vice-president of the information systems department at company headquarters in Wilmington, Delaware.

Mr Clay, who has headed Du Pont International since the Pont International since the start of 1983, assumes responsibility for group activities in Latin America and the Far

At the same time, he has At the same time, he has become chairman of the supervisory board of Du Pont de Nemours (Deutschland), of Dusseldorf, a separate subsidiary in charge of the group's German business.

Dr Honegger takes over

at Swiss Life By Our Zurich Correspondent

DR FRITZ HONEGGER, a former Swiss Minister for Economic Affairs, has succeeded Dr Rudolf Meier as chairman of Swiss Life Insurance and Pension Company (Rentenan-stalt), of Zurich, Dr Honegger had acted as vice-chairman of the Swiss Life board before his

election to the Cabinet.

Dr Meler, who has retired, has been named honorary chairman of the company, Switzerland's leading life assurance

BNZ of the U.S.

THE BANK of New Zealand has appointed Mr Robert J. F. Hitten manager, New York, and executive vice president U.S. He will have responsibility for the bank's strategic develop-ment and overall operations in the U.S. Mr Hirten leaves Morgan Guaranty Trust Company, New York, after 34 years service, having been a vice presi-dent with responsibilities for Morgan's business in Australia and New Zealand.

Football star at U.S. Tobacco

BY TERRY BYLAND IN NEW YORK

THE APPOINTMENT of Mr Nicholas Buoniconti, a former American football star, as president and chief operating officer of U.S. Tobacco spotlight's determination of the industry to defend its public image. The company, which has quadrupled profits over the next dead? profits over the past decade, focuses on "smokeless" tobaccos, chiefly the new moist pouch products which have avoided the Federal ban on tele-vision advertising and are currently the only growth sector of the tobacco market. He succeeds

Mr Louis F. Bantler, who con-tinues as chairman and chief seventies.

Williams takes chair at Warner Lambert

WARNER-LAMBERT Company, has also served since 1981 as the U.S. health care and consumer products group, has anofficer of American Tobacco. sumer products group, has announced the election of Mr Joseph D. Williams as chairman, in succession to Mr Ward

S. Hagan, who is retiring, with

BY OUR FINANCIAL STAFF

Major goods brands include Carlton, Lucky Strike, Pall Mall Mr Williams continues as and Tareyton cigarettes, as well as Jim Beam bourbon, and Mr Williams continues as chief executive, a job he took up in January, but hands over his roles as president and chief operating officer to Mr Melvin R. Goodes. The post of president of the group's U.S. operations of forced to the Mr. Mr. a variety of other products; while financial services comprise the operations of Franklin lafe and Southland Life; and, in addition, American Brands owns Pinkerton's and a group tions, formerly held by Mr Goodes, is, for the time being, at least, left open. of office products companies, including Swingline and Wilson Jones, together with Gallaher of the UK, which is involved

AMERICAN MEDICAL International, the California-based health care group, has announced that Mr Walter L. Weisman will succeed Mr Royce Diener as chief executive, with effort factors. Diener as chief executive, with effect from August 31. Mr R. Bruce Andrews will take over from Mr Weisman as chief operating officer. Mr Diener will, however, re-

main chairman of the board and of the executive committee and Mr Weisman president. Mr Diener says that his stepping down fulfills an intention to do so after ten years' service

AMERICAN TOBACCO Company has named Mr Virginius B. Lougee, chairman and chief executive, and Mr Thomas C. Hays president and chief operating officer. The company is a division of American Brands. Both positions are

officer of American Brands, a Hibino succeeds Mr Uyeda as post he has held since 1981. He president.

Mr Buoniconti, attorney and association with sports players, member of the bars of Massa-chusetts and Florida, first shape U.S. Tobacco's image entered the tobacco industry as sports consultant to U.S. Tobacco in 1970, joining the board in 1978 and becoming executive vice president for corporate relations in 1984.

He is also co-host of a rated sports cable television programme. During his career in U.S. professional football, he starred in the Miami Dolphins as a member of the Super Bowl championship teams in the early

Chewing tobaccos and snuff have escaped the Federal restrictions on advertising and labelling of other tobacco products, but the Federal Trade Commission has recently ordered the Surgeon General to study the health implications of smokeless tobacco. Chewing tobacco has a long

American Brands' main businesses are packaged consumer goods and financial services.

years with Exxon.

executive.

advisor.

Moody expands Security **Pacific duties**

with advertising campaigns involving sports stars and events.
Around 22m Americans chew

tobacco in moist pouches, care

ing themselves the soubriquet of

Chewing tobaccos and snuff

dippers."

By Our Financial Staff

SECURITY PACIFIC Corporation has named two executives

tion has named two executives to additional posts, and has appointed an outside director. The Los Angeles-based bank holding company's president, Mr George F. Moody, has assumed additional duties in the new post of chief executive of the Security Pacific National Bank unit, the corporation's largest subsidiary.

The parent's corporate vice-chairman, Mr Robert H. Smith, has become chief operating officer of the unit, vice-chairman of the parent's board and a director of both the parent and the bank. He succeeds Mr Moody as chief operating officer of the bank. The vice-chairman post is new.

Mr Henry T. Segerstron has been elected to both boards. Mr CELANESE CORPORATION
has elected Mr Howard C.
Kauffmann as a board member.
Mr Kauffmann, formerly presi-Segerstron is managing partner of C. J. Segerstron and Sons, a real estate partnership in Costa Nesa, California. dent of Exxon Corporation, retired on May 16, after 39

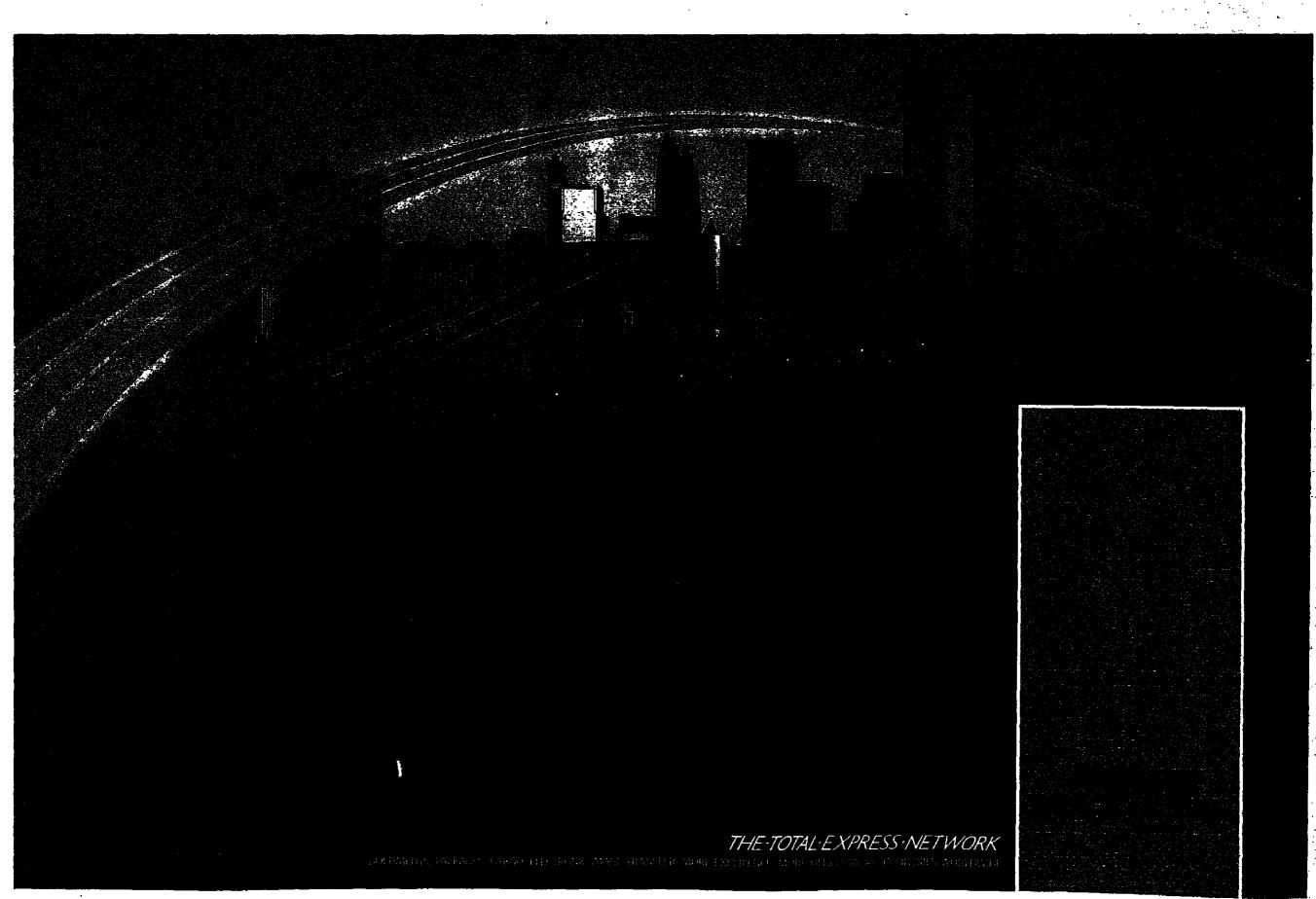
Schaad ahead at Handelsbank

NIPPON KOKAN, the Japanese steelmaker and shipbuilder, has announced that Mr Yoshinari Yamashiro, executive vice-presi-By Our Zurich Correspondent dent, is to succeed Mr Minoru Kanao as president and chief DR ERNST I SCHAAD, head of the management committee of the Zurich-based Handelsbank N.W., the subsidiary of the National Westminss. Bank of the UK has been designated Mr Minoru Kanao, who has been president since 1980, will become chairman, while Mr Hisao Makita, the current chairthe bank's next board chairman, becomes an executive man.

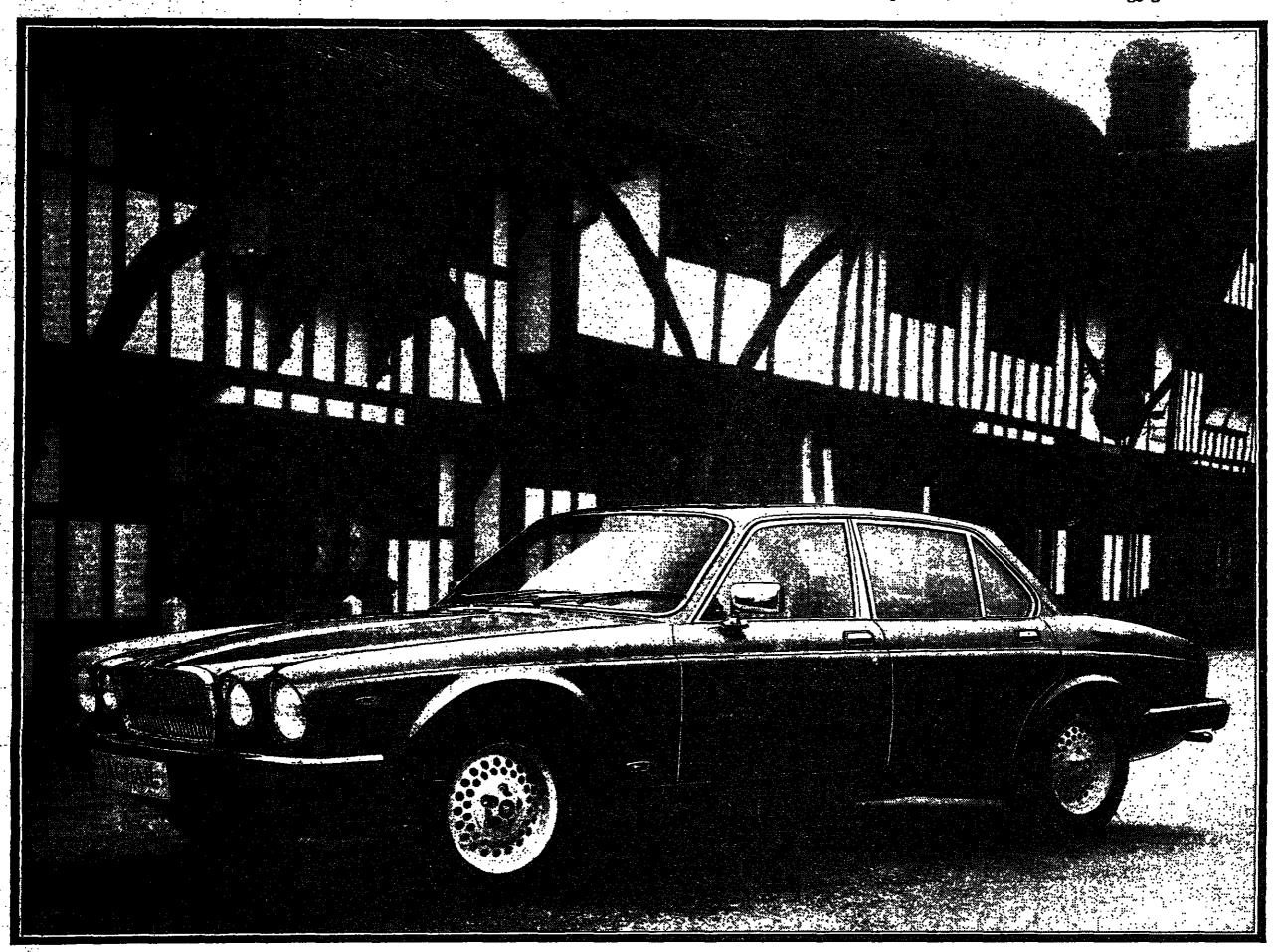
At next year's annual meeting Dr Schaad will be nominated for membership of the board of directors, and on newly created.

NICHIMEN, the Japanese board of directors, and on Mr Lougee, 59, continues as trading house, has appointed being accepted would impresident and chief operating Mr S. Uyeda chairman. Mr T. mediately take over the chair, as successor to Dr Alf Suzer, who is to retire. r to Dr Alfred E.

Carry of the



"THERE ARE THREE ESSENTIAL QUALITIES THAT MAKE A JAGUAR A JAGUAR."



"Sir William Lyons built the legend of Jaguar on what might well be called three pillars of marketing wisdom.

The first was engineering excellence, the second, style with sporting elegance, and the third, value for money.

As qualities essential to what makes a Jaguar a Jaguar, they are as valid today as they were in 1935.

In fact, they very neatly sum up our current marketing philosophy of ensuring quality and value wherever Jaguar is concerned.

Not unnaturally, this single-minded policy has made a great contribution to Jaguar's success.

It has been applied right across the board and involves everybody connected with Jaguar cars.

From those who design, build and quality assure the cars, through to the people who sell and maintain them.

It can be seen from the fact that we are insisting on specialist dealers, dedicated to nothing else but the Jaguar marque.

We measure and develop their professionalism across all aspects of their business. From showroom, to used car display. From service department, to parts store.

We think that it's the only way of ensuring that our customers get the same excellence in the attention from their Jaguar dealer as they do from a Jaguar itself.

Our determined drive towards assuring quality in all aspects of our business is also reflected in worldwide demand for Jaguar cars.

A demand that encompasses the entire range, from the Jaguar XJ6 3.4 Saloon, to the Jaguar XJ-SHE.

One consequence of significant importance to our customers is that our success is now being reflected in higher residual values for all used Jaguar cars.

Our prime responsibility is to ensure that the success of Jaguar continues unabated.

We must make sure that any Jaguar customer, anywhere in the world, takes delivery of a car that meets his every expectation.

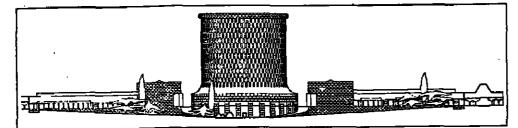
So that, from the very first moment he begins to relax in the quiet ambience of figured wood and leather, he begins anew to appreciate Jaguar's engineering excellence, style, sporting elegance and value for money.

After all, it makes commercial sense to take heed of the wishes of customers, and the experience of the company's legendary founder."



Architecture/Colin Amery

Stirling boost for the City



James Stirling's project for a research centre for Bayer AG Monheim -a competition drawing

It is an interesting engagement; will it be a fruitful and harmonious marriage? When Mr Peter Palumbo proposed to Mr Peter Palumbo proposed to Mr James Stirling last week and offered him the Mansion Louse Square site as his dowry, it looked initially like an unlikely match. Mr Palumbo had let the world know his cool and auster tastes—Mies van der Peher remains his fest love— Rohe remains his first love— but the cold truth has to be faced and, although first loves are often the strongest passions, we rae likely to find that reality intervenes and they have to be

gone for the easy option. In selecting James Stirling he has opted for one of the most interesting British architects, and one who has had little experience of commercial

What is it that makes Stirling and his partner, Michael Wilford, such interesting architects? Part of the answer is to be found in a timely new book, James Stirling Buildings and Projects (The Architectural Press, London, £37.50), with an intriguing introduction by Colin Rowe. The other part of the answer is to be found in their buildings — and most of the good ones are outside England

The book is essential reading for anyone interested in con-temporary architecture. The somewhat rambling introduction - written by the exiled guru Rowe, who has lurked in Cornell observing the English scene from a safe distance — is almost a perfect period piece. It is at the same time a perceptive account of a man who has always been rather quiet, not over-anxious to theorise, and who has suffered long periods of comparative neglect and sometimes unjustified abuse.

neer drawings of a ship that had influenced him as a child. on many levels. I have read of Stuttgart as a reinterpretation of the Italian Renaissance Villa,

His major works can be rea

or heard it described more per-ceptively as a search for the meaning of modern art. It is

cases that lead nowhere. . . I see him as one of the few

the Picturesque. He now needs.

for his City site, to develop and

build in three dimensions the parellel English understanding

was a formal architect aiming

at, and finally achieving, a place in the authentic Classical canon

The Palumbo opportunity is

There may not be a place in the City for the kind of positive

petition project—a towering U-shape of offices surrounded by

radiating research laboratories.

This sort of scheme has the weight and intelligence that has

for so long been lacking in

England, and London

particular, is fortunate to have

had two second chances for vitally important sites: the

munificent Sainsbury gift to enable the National Gallery to

have a great building, and the bold second choice for Mr

Palumbo. For once a developer

has rigorously demonstrated his addiction to quality—I hope he will be just as pleased as he would have been to have the

Mies tower. He might even, secretly, like some critics, be

contemporary architecture.

If there is any truth in the formative nature of our earliest visual impressions, then for Stirling we have to look at the Neo-Classical St George's Hall, the town hall and the Customs House, and the general mixture of Liverpool's scale and sense of drawn Power is good on all of drama. Rowe is good on all this ——even bringing in the presense in wartime of a refu-Polish architectural school in Liverpool and the lasting influence of Sir Charles Reilly, the great Beaux Arts professor.

The book takes us from the neo-Corbusian student thesis the expandable houses (with James Gowan), the bad and ruthless patches like Queen's College, Oxford's Florey Building and the Runcorn housing to the calm measured and high to the calm, measured and brilliant series of international compentitions — particularly the German museums.

There is no doubt in my mind that the best thing he has done to date is the Staats-galerie in Stuttgart, despite its coarse Jokes. His new wing — the Clore Building for the Tate Gallery — promises to have beautiful gallery space formally planned and sensitively, if in a somewhat complicated way, lit.

There is no point in glossing over the fact that Stirling's buildings have sometimes had their technical problems; his detailing must sometimes be at fault. When he is served by the best contractors and clients
—as at Stuttgart—his record on

this front is as good as most contemporary architects.

What this book shows—and a visit to the Fogg Museum at Harvard or the Tate Gallery (completion next year) and particularly. Stattegart—is that ticularly Stuttgart — is that Stirling is one of the few architects addressing the particu-larly potent problem of our time: the search for an alliance Stirling grew out of Glasgow between the past and the and Liverpool. I recall him future and the development of showing with pride the engi-

The Duchess of Malfi/Lyttelton

Michael Coveney

It is a neat irony that the National Theatre group under the leadership of Ian McKellen and Edward Petherbridge, "the actors' company," should have elected Philip Prowse, the most rigorously distinctive director/ designer in Britain, to take charge of their opening effort. The result is a truly magnificent presentation of one of the greatest plays in the language with only minor cuts and several orilliant inventions.

Discussion of any Prowse pro-duction will begin with the set. This is an assemblage of grey walls with reversible panels that slide on castors to suggest now a baroque mausoleum, now a ruined classical castle. Crucifixes stand encased on pedestals, a black garbed figure of Death sits at a table studying scientific instruments. The cast are seen crossing the stage in a dead march, the first of several striking processional images as lan McKellen's Bosola, newly returned from the galleys, seeks

favour of the Cardinal.

English architects with a clear understanding of the ideas of The air is heavy with the cawing of crows and vultures. the pealing of bells. Magnifi-cently attired courtiers (Prowse of the townscape. Since Nash, we haven't seen these two possi-bilities combined in one English architect. Lutyens, in the end, has no equal in Britain as a costume designer) form conspiratorial knots in spacious alcoves and gather for Mass; their Catholic "Adoremus" is hideously distorted by the disgorged madmen when Ferdinand lays brutal siege to difficult assignment — the tri-angular site with some listed his Duchess sister. Ten years ago Prowse's Glasgow Citizens buildings calls for subtlety, stone and strength. Stirling is production incarcerated the Duchess in a baroque taberprobably the only architect who can pull it off for the City. nacle. Now the whole design is tribute to an aberrant Renaissance court, peculiar in itself, spinning free from all grandeur that appears in the competition scheme that illus-trates this article. It is the Bayer AG research centre comsemblance of reality decency.

The performances support the design vision and Webster's language, neither dwarfed by the one nor intimidated by the other. McKellen's Bosola is a half-shaven hired intelligences whose blank participation in the destruction of others is as frightening as any of the hallucinatory incidents. Struck dumb by the Duchess's salmon and dogfish speech, he warms to his prey and is finally broken by

the relentless horrors.

That speech is delivered by a glowingly transfigured Eleanor Bron, surprise casting as the Duchess but fully justified. She and Greg Hicks (a splendid Antonio, rescued from dry old stick tradition) invest the proposal and marriage scene with an exciting impulse and rhythmic judder that echoes down the evening.

The acoustical tricks were unkind on

Edward Petherbridge's serpentine Cardinal but this is a strikingly elegant portrayal, white-faced and thin-lipped, almost clownish in gesture and finesse. Sheila Hancock is unrecognisable as his mistress, but her raddled and well considered cameo is typical of the character cameo is typical of the show's intelligence and surprise; there goes god old Roy Kinnear as a puffing Castruchio, Hugh Lloyd edging in as Grisolan.

The Glasgow connection is honoured in the appearance of Laurance Rudic as the ever-Laurance Rudic as the everpresent hooded Death, leading
the deceased Duchess through
the ruined abbey after helping
her into her coffin; and in
Jonathan Hyde's consistently
lycanthropic Ferdinand (he was
Prowse's Cardinal before), a
creature whose disintegration is
on the cards from his first
entrance.

entrance.

The banishment from Ancona is signalled by the Cardinal slapping his sister on the face and the walls revolving. The Loretto pilgrims are in fact the blinded beggars from the asylum, trudging across the stage joined on a rope and later striking poignant attitudes of madness in the benighted palace where the doors do on strange really swing geometrical hinges.

We lose two of the Duchess's children, the military induction of the Cardinal and Malateste. But the play is in no way diminished. The apparition of mutilated loved ones is confined to Antonio in a shroud and a wax hand bouncing not too ludicrously on the floor. Miss Bron is well and truly garotted, emitting a most ghastly gurgling cry, and Antonio dies crawling ignominiously towards her sym-pathetically outstretched ghostly

The lighting by Gerry Jenkinson is, as usual, endemic to the Prowse style, ranging from nightmarish sickly nimbuses to the rich full glow of the final tableau. The switches are continuously violent and effective and an ingenious arrangement footlights throws up giant shadows on the walls. A clock ticks threateningly offstage adding to the curious prevailing atmosphere of time running out for all concerned.

John Graham-Hall sings the title-role. Tall, thin and fairhaired, this Albert looks shy but not quite in the way that would make him wholly subser-vient to his bullying Mum. In his The eeriness is all part of Prowse's practised and inimit-able assurance in this area of first scene, too close attention
for the Suffolk accent dries up
the tone. In the marquee
(Loxford's meat tea with jellies has been too long delayed, evening. the repertoire: Ferdinand sud denly materialises at his sister's shoulder like a hanging xampire, and the general composition of the stage, the progress from on scene to another, is handled with magisterial flair.

Albert Herring/Glyndebourne

Ronald Crichton

Britten's comic opera Albert

Herring was born at Glynde-bourne in 1947 when the

English Opera Group was visit-ing there. The gangling

Suffolk greengrocer returned in triumph to his Sussex birth-

place on Friday in an all-

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prised if it came near the top of the list of foreign perform-

One of the attractions of the

piece for foreigners may be pre-

teeth on edge. I do not remember a production where this

inner layer of embarrassment was less in evidence. How Peter Hall has done it, I do not know

— perhaps by taking the work entirely seriously, as all good

comic operas should be taken.

The turn-of-the-century mar-

the turn-or-inectantly mar-ket town of Loxford is lovingly and observantly re-created by the designer John Gunter (with lighting by David Hersey), from

the ponderous 1880 baronial of the residence of Lady Billows to the tantalising glimpse of the

church tower behind the festival

marquee, by way of Mrs Her-ring's higgledy-piggledy green-grocery. The crowning distinc-

tion of the evening comes from the orchestra pit, where 13 soloists of the London Philhar-

monic play for Haitink with a flinty, coruscating vigour that somehow leaves the vocal lines unharmed. This score, which can go scratchy, even in what should be safe hands, sounds properly neurished as well as

properly nourished as well as kaleidoscopic, because the solo

strings for once hold their own

with the wind.

an extra shot in the arm.



John Graham-Hall

and trifle is a far cry, I fear, makes her contributions to the lyricism is not required from

As the dragon Lady Billows Patricia Johnson makes one of her too rare appearances in this country—Berlin's gain has been our loss. Miss Johnson's distinc-tion, the sad features, the pale, pained, absent look, suggest a genuine concern for the town's morals, a deeply-held conviction rather than the instant outrage of a bossy old vulgarian. This

places Lady Billows, who one has always suspected to be the well-heeled relic of a local mag-nate (his marble bust can be seen in the hall) rather than a "lady" in the old sense, on to higher social level than usual. The change produces difficulties lower down. Would this Lady Billows employ a house-keeper as rumbustiously vinegarish as the Florence of

and trifle is a far cry, 1 rear, makes her contributions to the from the great Normandy feast ensembles with admirable described by Maupassant in the incisiveness, but she should not story on which Herring is based) overplay the opening scene, lyricism is not required from which now sets a note of farce lyricism is not required from the now tongue-tied Albert. This act went well, and Mr Graham-Hall steadily improved up to a lovely account, after Albert's bedraggled return to the fold, of his disgraceful nocturnal adventures and the quiet but devastating final crushing of Mum.

which now sets a note of taree not borne out by what comes after. Sid the butcher's assistant and Nancy from the bakery, who so nearly upset the applecart, are sympathetically done by Jean Rigby and Alan Opie. Sid and Nancy, in their two scenes together, have about the only normal, straightforward love music in Britten's the only normal, straight-forward love music in Britten's operas, and very well they sing

> The ball-bouncing. stealing children are Maria Bovino (whose Emmie is clearly about to blossom into a fiendish adolescent). Bernadette Lord, rest, Loxford is portrayed by a notable group of English character singers — Elizabeth Gale in her element as the schoolmistress, Derek Hammond-Stroud clear as a bell as the unctuous vicar, Alexander Oliver beautifully discreet as the mayor, Richard Van Allan as a Kaiser Bill ramrod of a police superintendent. Lastly, a special word for the subtly-drawn Mrs Herring of Patricia Kern, all the more formidable for not being the conventional blowsy termagant. An abundantly satisfying, illuminating

> by audience approval, without the least hiccup in its dramatic trajectory.) Some imperfect

focus of the voice at the outset

soon cured itself, and later Miss Dimitrova took clever mere-thread-of-tone risks to excellent

Renato Bruson's Macbeth is

Hall Overton/Wigmore Hall

Andrew Clements

A cello recital to mark modelled on Carter's own for American Independence Day last Thursday in the Wigmore Hall produced one fascinating novelty. Together with the Third Cello Sonata by Martinu 'American Barber's Sonata and the Fantasy on American Themes by Milton Schwarz, Melissa Phelps and John York gave the European premiere of the Sonata in one by Hall Overton, movement by Hall completed in 1960.

Born in 1920, Overton spent much of his truncated career as a jazz pianist, working at various times with Stan Getz and Thelonious Monk, and pur-suing his "art music" insuing his "art music" in-terests on the side; the stylistic relationship between them appears to have been tenuous. In a typically provocative and illuminating essay that accompanied the programme Wilfrid Mellers placed Overton as an heir to the tradition of Ives and spiritual sibling to Elliott Carter. Certainly the cello sonata is as uncompromising and radical as anything to be found in Carter's music up to the early

cello, written 12 years earlier.
Overton's structure is more
loosely rhapsodic, building from
a rangy cello melody through a series of sharply contrasted episodes towards a climactic cadenza. It plays continuously for just over 20 minutes, crammed with detail and striking Piano and cello freeffects. pursue seemingly quently independent tracks; there is a liberal use of polytonality and

an avoidance of anything suggestive of diatonicism. Certainly it is a fine example of what is coming to be regarded as the Great American Tradition, its individuality picked out in sharp contrast against the vapidity of Martinu and Brahmsian assurance of Barber. All three sonatas were strongly played by Miss Phelps and Mr York; now we want to hear a good deal more of Overton's small output.

The third RSC/NatWest Tour will take to the road on with two productions. The Taming of the Shrew and the 1960s. rarely seen Brecht/Weill musi-The sonata is by no means cal Happy End.

Danny and the Deep Blue Sea/Gate, Notting Hill

Martin Hoyle

ous work with the Floorboards once performed with her father, company has brought much Danny vaguely realises that European theatre to a not always forgiveness from someone—
grateful British public, is the anyone—is needed, a ritual to new Artistic Director of the cast are veterans. That the play's predictable characters matter to us say regime gets under way, how-his own personality into a sort much for the two excellent personality into a sort much for the tw ever, an American two-hander, of confidence. Cautiously, they Danny and the Deep Blue Sea, face the future together. by John Patrick Shanley, holds The hour-long playlet was the stage, directed by Robert seen at the Humana Festival, strong and clearcut with none of Stephens.

Roberta and Danny are two casualties of—one assumes—society though this is never made clear. They make abrasive contact, foul-mouthed, tentatively advancing and quickly withdrawing, from separate tables in an empty bar. The second of the play's three short scenes takes them to the former closet that Roberta has made into a refuge from her parents and the teenage son of her failed marriage. They melt, and fantasise about a church wed-ding ("Bees buzzin' and nice girls and everybody dressed in nice clothes.") He proposes, she accepts.

> The morning finds her bitterly repudiating their romantic pensione dreams. Her self-loathing is October.

Rotterdam, De Doelen, Mario Venzago

ITALY

Liszt (Wed). (142911).

conducting the Youth Orchestra of European Countries, with Stefan Muhmenthaler, violin. Schumann,

The hour-long playlet was be said that these rough dia-monds, emotional cripples longing to be reached through their bristling defensiveness, are very

Voluntary donation admission at V & A

The trustees of the Victoria decided in favour of the intro-duction of a voluntary donation policy for admission to the Museum rather than a fixed admission charge.

The suggested donation will be £2.00 for adults and 50p for children, students and old age

Giles Croft, whose courage- rooted in guilt at a sexual act familiar. When battle-scarred formers. Fiona Victory and Alan Polonsky steer scrupulously clear of sentimentality; they are Louisville, last year, but it must the fuzzy mock-tough attitudinising that often marks actors on this side of the Atlantic when playing Americans, They must be seen again,

Bass wins Ferrier Memorial award Peter Rose, a 24-year-old bass

singer from the Guildhall School of Music and Drama, has won the £2,500 Kathleen Ferrier award. Mr Rose has also been given a Royal Society of Arts Award, which will enable him to study at the swiftness.

Macbeth/Covent Garden

David Murray

Nothing seems to have the score with art, gets orcheschanged in Elijah Moshinsky's tral playing that is urgent but 1981 production of Verdi's also precise, insists on the hard Macbeth; for this second brilliance of the high winds, revival, even the conductor and nurtures Verdi's shuddering brilliance of the high winds, nurtures Verdi's shuddering low-register effects—and with all that, is strictly faithful to his singers: a superlative performance. (First time round, I remarked that Riccardo Muti once more haunted from the productions in the Royal Opera repertoire is intact, musically barbed the Witches' music so start, less by ambition than by well as to suppress its fatal resemblance to "Teddy Bears' and visually: that is good news indeed, and a cause for pride and satisfaction on either side Not that footlights have much to do with it— the lighting belongs rather to high-level meteorology, as if lurid bolts

Picnic," and so does Downes.) The chorus gets great oppor-tunities of course, and makes a fine, solid noise in them.

The new Lady Macbeth is

disaster. We see little of the dangerous monster (in fact Verdi does not make much of that side of the character) but Bruson contrives to show us the trembling brute in stylised postures while investing his The new Lady macrown whose Ghena Dimitrova, whose postures while investing us soprano is of a size and power music with gravity and much that allows Downes to play up that allows Downes to postures while investing us soprand a music with gravity and much that allows Downes to play up that allows Downes th his orchestra in good conscience. She looks blanched,
severe, implacably dignified; in
the sleep-walking scene only
The sleep-walk glowering back-washes, and the small, uncertain gestures bestrong Banquo and Malcolm dark doings seem the darker for token her inner collapse. "La and bright, volatile Macduff. A being committed under the luce langue" and the Brindisi last word for Phyllis Cannan's brazen gleam of beaten metal. are taken exultantly in charac- lady-in-waiting. a mere voice and bright, volatile Macduff. A last word for Phyllis Cannan's

lady-in-waiting, a mere voice ter. (At many such points the from the shadows, but laden opera was punctuated properly with tender concern. Saleroom/Antony Thorncrofc

pensioners, and will begin in National Opera Studio, which conductor Edward The takes only 12 students a year. Downes conceals the seams in Ruskin's eye for beauty Music/Monday. Opera and Beliet/Tuesday. Theatra/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts ap-July 5-July 11

of the footlights.

and blazes from above were fit-

fully exposing what passes in a hellish realm. Behind John Napier's curving terrace of rough-hewn steps there are

being committed under the brazen gleam of beaten metal.

Verdi's version of the play is almost a cartoon of it, stark and

simplified; Moshinsky for his

part adds no extraneous details.

but sets production-terms that ensure extreme consistency and

Music NETHERLANDS

ist) playing music by Dohnanyi Bach. (631690). VIENNA

Musikverein.

Haydn-Sinfouieta conducted by Man
Red Huss. Haydn and Beethoven.

(Thur). Palais Schwartzenberg.

Rome: Basilica of S. Sabina (Aventino): Camerata Mozart chamber orchestra. Mozart, Vivaldi and Haydn
conducted by Francesco Lentini
(Mon). Also on Wed, Margit Spirk
(violinist) and Mario Patuzzi (pian-LONDON

vich, Mussorgsky, Borodin and Orff. Royal Festival Hall (Wed). London Bach Orchestra directed by Nicholas Kraemer, Bach and Han-del, Royal Festival Hall (Thur).

Maggie Cole, harpsichord: Scarlatti, Soler, Bach und Ligeti, Purcell Room (9283191). ondon Mozart Players directed by Papadopoulos. Mozart. Elizabeth Hall (Wed).

er): Opening all-Mozart programme by Mozart Festival Orchestra con-

Ameling, soprano, and Horacio Gu-tierrez, pianist (Mon, Wed): Kalich-stein-Laredo-Robinson Trio with Elly Ameling, soprano, Herold Wright, y Ameling, soprano, Herold Wright, clarinetist, Kim Kashkashian, viola; Mozart, Handel, Mendelssohn, Schubert (Tue); Viva Vivaldi programme of Vivaldi concertos conducted by Alexander Schneider with Christopher Parkening, guitarist and Mozart Festival Orchestra players (Thur). Lincoln Center (574 2424).

HOLLYWOOD Hollywood Bowl: Los Angeles Philhar-

monic conducted by Leonard Slat-kin with Andre Watts, plano. Schu-mann, Saint-Saens and Dvorak (Tue); with Yefim Brunfman, piano. Glinks, Rachmaninov and Prokofief (Thur). Kirl Te Kanawa accumpan-ied by Martin East (Wed). 2312 ied by Martin Katz (Wed). (213) 850 2000.

winia Festival (Highland Park): Na-

tional Symphony Orchestra con-ducted by Leonard Bernstein plays Sousa marches, American mu and Bernstein: Songfest with Clamma Dale, soprano, Gweneth Bean, contralto, Lucille Beer, mezzo-soprano, Charles Walker, tenor, Kurt Ollman, baritone, Chester Ludgin, bass, and Alexander Bernstein and Nina Bernstein, parrators (Mon); Tatiana Troyanos, mezzo-suprano recital, with James Levine: Mozart, Schumann, Handel, Rachmaninoff, Ravel, Rossini (Tue); Preservation Hall Jazz Band (Wed); Toshiko Akiyoshi Jazz Orchestra with Lew Ta-backin (Thur). Highland Park

Storr, to a design by Repton, for the Duke of Portland in ducted by Gerard Schwarz with Elly 1797. It is being sold by a descendent, Lady Anne Ben-Christie's is reluctant to put an estimate on a unique item but is not discounting forecasts as high as flm. Half this sum might be more realistic, given the limited demand and the row that would erupt if the buyer tried to take the font out of the country.

The font comes under the

hammer on Thursday at the end

of a silver sale which should see dealers bidding for fresh stock after generally brisk trade in recent months.

The highlight of a good

The highlight of a good auction of English watercolours at Christie's tomorrow is a previously unknown portrait by Fuseli of his wife, drawn around 1800. A similar portrait, this time by Ruskin, of Lily Armstrong, the young girl he befriended in the 1860s and who he described in a letter to who he described in a letter to his mother, as "the most beau- top estimate of £18,000. tiful creature in face and form ever saw anywhere," is offer, and the top estimate of £6.000 should be exceeded. An album of nonsense drawings by Edward Lear carries a lowlooking estimate of around £5,000, the kind of sum which should also secure a drawing of 1787 by Ramberg of "The Royal Family at the Academy."

Sotheby's watercolour sale is on Thursday and the top price, approaching £40,000, should be

There is no doubt about the most important lot appearing in the auction rooms this week 1860s by Samuel Palmer, A view 1860s by Samuel Palmer. A view the gold font made by Paul of Bridgenorth in Shropshire by Turner carries a top estimate of £30,000, as does a Gainsborough landscape sketch.

The Spencers seem to be selling off most of the contents of Althorp Castle. The latest is "Two of the Duchess of Marlborough's Dogs," a portrait of 1738 by John Wootton The 1736 by John Wootton. The Duchess commissioned it and gave it to her grandson, the Hon John Spencer. It had been at Althorp since 1746 but should how raise aver 5100 000 for the now raise over £100,000 for the family,

Also in the sale of British paintings on Wednesday is "The Knox Sporting Screen." commissioned by Rnox, an Irish racing fanatic of the mid-18th century. The screen, by Irish artist Richard Roper, depicts 12 scenes on one side and 18 por-traits of racehourses and riders on the other. It could make \$300,000. Edward Lear continues in good demand—his "Citadel of Corfu" carries a

Reviewing committee's new chairman

Mr Jonathan Scott is to suc-

eced the Earl of Plymouth as chairman of the reviewing commitee on the export of works of art on September 1 this year. Mr Scott is an executivo director of Barclays Morchant

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July 8th, 1985

Arts Guide

pears each Friday.

Vienna Symphony Orchestra conduct-ed by Heinz Wallberg, Bach, Mozart and Schubert. (Wed). Arkadenhol or

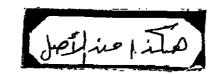
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Financial Times Monday July 8 1985

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Changes at **Paddington** Station

FAIRCLOSUGH BUHLDING has been appointed insign contractor for the massive remadelling of British Rail's administrative offices at London's Paddington station. Under an Example contract from British Bailways Board. Frairclough is to respond to the main office blocks bordering Eastbourne Terrace. The project includes re-roofing, installation of partition walls and suspended ceilings, new floor surfaces in seven brildings ranging from one to seven storeys, repair and renew windows, provide mechanical and electrical services. and redecorate. New and 6-bed coronary care/intendent of toilers and washrooms also form part of the scheme.

which will be completed and ment of toners and washtonia also form part of the scheme. which will be completed and handed over in phases up to early 1987. Paddington station will remain in full service.

The GLENLION GROUP, Brasted, has won contracts worth over 15m for work in the South East and Midlands. Largest, at just under 12m, is for a mixed development of 77 homes comprising flats, houses, bungalows and sheltered accommodation at New Addington, for the London Borough of Croydon. At Staplehurst, Kent, work is about to start on a 11m scheme of 33 family and aged people's homes for Swale Borough Council. The development includes a day centre for retired residents. Recent design and build awards for industrial and retail buildings include 1500,000 Croydon industrial scheme of five units totalling 21,942 sq ft for Bicknell Holdings. The GLENLION GROUP, Bras-

MATTHEW HALL MECHANICAL AND ELECTRICAL ENGINEERS has won mechanical
and electrical multi-service work
worth over £14m for a range of
clients including Sun Alliance,
IBM, Canadian High Commission,
Gallahers. London Regional
Transport, BBC, South Eastern
Gas and the City of London
Property Company. Electrical
instellation projects to a further
£2m include orders for Vauxhall, Sainsburys and British
Home Stores. In addition the
fire engineering division has

CONSTRUCTION CONTRACTS

G. Percy Trentham wins £12m orders

G. PERCY TRENTHAM, Reading, has won contracts worth over \$12m\$ to carry out work on four major projects in the South, and another in the Midlands. In Reading, the group is building a mechanised letter office with associated accounts and welfare facilities, together with a \$220,000 and a building to house new plant is to be constructed under a \$6.8m contract for the At Hanley, Stoke on Trent, for the Medical & Dental School of Guy's and St Thomas's Hospital, two detached student hostel buildings are under construction at Lambeth Palace, for \$1.1m. The



Work starts today on Park House, Sandringham, the birthplace and childhood home birthplace and childhood home of the Princess of Wales. RATTRE AND KETT of Cambridge, part of the Mowlem group, is to convert the building into a country house hotel/short stay centre to be run by The Leonard Cheshire Foundation for severely disabled people from all over the world. fim is being raised by way of public appeal to cover the work of this project.

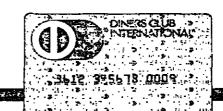
Rattee and Kett's contract comprises altering, repairs and extensions to the Edwardian extensions to the Edwardian mansion to meet the special needs of disabled people on hotiday. When completed, the house will provide six single and twin or double bedrooms, two lounges, a sun lounge, a dining room, kitchens and staff accommodation. Two lifts and several ramps will be installed to make the entire building accessible to wheelchair bound holiday makers.

Conversion of **Telford** factory

Under a management contract worth more than £3.4m, LOVELL CONSTRUCTION will refurbish a factory for GKN Sankey at Telford in Shropshire and convert it into a manufacturing facility for production or armoured personnel carriers. Built in the 1930s the building, part of the GKN Sankey complex at Hadley Castle Works, is a single-storey structure 11 metres high and with a floor area of almost 15,000 sq metres. Work includes updating the fabric and redecoration plus incorporation of piled bases for the machines. Lovell Construction's exterior Lovell Construction's exterior work includes breaking out an existing vehicle test track and relaying an updated facility. The project is scheduled for completion by the end of April 1986;

Raynesway Construction Services, a member of the Balfour Beatty Group, has been awarded contracts totalling over £1.5m. At Redshaw, the company continues the A74 Trunk Road improvements with a £700.000 contract from Strathclyde Regional Council to widen the slow lane by 1.3 metres over a distance of 1,900 metres, and the fast lane by 0.7 metres over a distance of 400 metres, overlaying the existing carriageway to an average depth of 355 mm and all the associated kerbing, drainage, depin of 355 mm and all the associated kerbing, drainage, earthworks and roadmarkings. At Rosyth, construction of a realigned section of trunk road incorporating a junction and a roundabout forms a £200.000 contract awarded by Fife Regional Council. The project links with the West Access Road, currently under construction by currently under construction by Raynesway Construction Services. A £700,000 contract at Cumbernauld has been awarded by Cumbernauld Development Corporation for construction of around 1.3 km of 7.3 metre wide carriageway, including a three-span reinforced concrete portal frame underpass and a round-about partly overlaying the existing carriageway. ing carriageway.

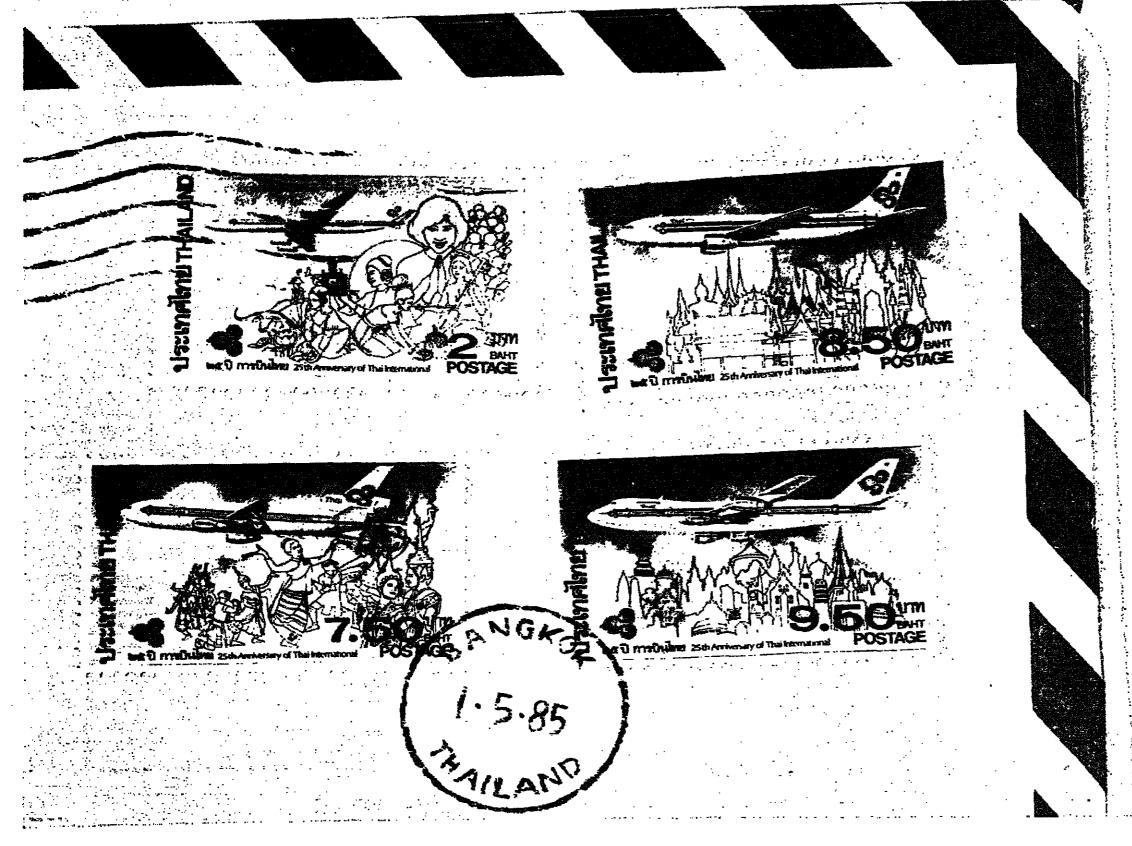
JOHN E. WILTSHIER GROUP has won contracts worth more than f2m. Wiltshier Reading, a subsidiary of Wiltshier Southern, has successfully ten-Southern, has successfully tendered for two contracts together worth over £1m. In Slough, refurbishing of Bays 3, 6, 10 and 13 at Building No 1 on the industrial estate in Oxford Avenue for Slough Estates Design & Construction. Work has started and is expected to last 37 weeks; contract value is £849,000. At Long Sutton. Hampshire, a £173,615 contract covers construction of a junior common room and art room in addition to converting another room into a senior tuck shop for Lord Wandsworth College.



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Monday July 8 1985

Over-caution in Germany

ULTRA-CAUTIOUS economic management in West Germany is threatening to damage other countries and to be self-deating at home. The dependence on exports as the main source of growth combined with sluggish private consumption is pushing the current external surplus from record to record. The same combination is preventing and progress with reducing real progress with reducing unemployment.

The successes achieved under the Kohl Government are un-deniable. The budget deficit has been whittled down. So has the inflation rate. Germany's trading partners and academic German economists have urged Bonn to use the scope thereby won to set the economy on a higher growth path.

Export demand, supported by investment in plant and equipment, has been the main element, has been the main ele-ment making for growth this year and is expected to remain so in 1986. Given the economic recovery of much of the indus-trialised world, that need surprise nobody, given the bias of West German industry towards the production of capital goods.

The external current account showed a surplus last year of DM 18bn (about £4.5bn). The DIW institute in Berlin last week forecast that the tally would be DM 37bn this year and DM 48bn in 1986. The sluggish response of private consumption to economic recovery, traceable in part to the existence of more than 2m un-employed, contributes to these surpluses. Imports are growing only slowly.

Diagnosis

Pleas from abroad that Bonn should reflate have fallen on deaf ears. The Government has no wish to repeat the experiment made in the 1970s of using West Germany as a locomotive puil along the world

orescarch institutes took this

expert opinion on prospects and policies. This group felt itself constrained last month to issue a warning that economic policy was going in the wrong direction.

In spite of differences of emphasis, the institutes and the Wise Men were agreed on a fundamental point: that exports were an insufficient expansive factor to make genuine inroads into unemployment. They concluded that economic policy

must be refashioned to provide a basis for long-term growth. Instead, the economists made two proposals. Monetary target-ting should be handled less restrictively—something which the Bundesbank turned down last Thursday, And Dr Stoltenberg should abandon his plans for income tax cuts in two phase in favour of cutting in one fell swoop next year.

Warning

Politically that is ticklish, since 1987 will be an election year and the Government might wish to keep some goodies in reserve. But the conflict be-tween conventional political wisdom and the advice of the economists is more apparent than real, given the intractability of unemployment.

Jobs could be the single most Jobs could be the single most important issue in the next Bundestag election. Regional elections this spring have already provided a warning for Dr Helmut Kohl, the Chancellor. The Christian Democrats, whom he leads, did badly in North-Rhine Westphalia and the Saarland—both of them states with above-average un-

There is, therefore, a strong political as well as an economic case for Bonn to grasp the

The case for accelerated tax cuts can be advanced not simply as a means of stimulating growth, but also as a way Interestingly, however, the of tackling structural rigidities Bonn Government and, in particular, the Finance Minister, Dr Gerhard Stollenberg, are comeconomy. With inflation as low economy. With inflation as low as it is, the prospective rise of nominal GDP is unnecessarily modest. On a cyclically adjusted basis the German position in a joint diagnosis of budget is actually in surplus, the economic position published in May. In June they were backed by the so-called "Five wise Men," a group of indear a fetish of the deficits as to

An auditor queries audits

IT IS as though the Inland ferences of opinion on the issue Revenue were calling for a of statutory audits. The larger black economy or the Touche Ross submission is only Bundesbank for a weaker the first of many, but it does Deutsche Mark. Last week, anticipate some of the counter Touche Ross, one of the UK's arguments which may be put by largest accountancy practices, the smaller accountancy firms caused a stir by recommending that stand to the lifting of statutory audit liberalisation. requirements for about 500,000 small companies. In doing so, it nothing, claims Touche Ross, to seemingly jeopardised a significant portion of the profession's are carried out long after the bread-and-butter business. Since event and a director can norm-1948 accountants have benefited ally "deceive the auditor sim from the law requiring all comply by omission of transactions panies, big and small, to have from the accounting records and their annual accounts indepen- by suppression of all evidence

Department of Trade and small companies lodge only ab-Industry's consultative paper, breviated accounts with the Burdens on Business. The Registrar of Companies which Government maintains the level of accountancy fees is a " matter of concern to many small Persuasive
businesses" and in April, the
Institute of Chartered Accountants conceded that for small businesses financial reporting imposes an administration burden almost as onerous as Value Added Tax.

to Lord Young's Enterprise Unit any company collectively be is a model of clarity and deploys free to dispense with the classic libertarian arguments against regulations. It seems unnecessary and unreasonable," argues the firm, to oblige shareholders to purchase a ser-vice they "neither want nor value" and from which no third benefits. It suggests shareholders should be free to dispense with an independent by special resolution protected by a law allowing holders of 10 per cent or more of a company's against a decrease of 10 per cent or more or more of 10 per cent or more o of a company's equity to demand an audit (at the company's expense) even if such a resolu-

tion has been passed. Directors, argues Touche Ross, should use the services of accountants when they "perceive a real value in these services small companies to disvices rather than in order to pense with professional services.

Satisfy a statutory requirement." Directors would still be obliged. The Government's consultative paper sparked off a hot deam of fair" annual accounts bate within the accountancy and many would voluntarily profession. The Institute of seek professional assistance. Chartered Accountants is con- Accountants would then have

that stand to lose most from Statutory audits do next to

The possibility that audit they help trade creditors who regulations might be liberalised get virtually no comfort from was raised in March in the Department of Trade and small companies lodge only ab-

These libertarian arguments are persuasive. Indeed, were it not for the constraints of the EEC's fourth directive, some would doubtless be tempted to go further and ask what is Touche Ross's memorandum special about small companies. Should not the shareholders of statutory audit and pay only for the accountancy services they value?

For many small companies there is in any case no division between ownership and management: the directors are the shareholders. In such cases, the rationale for a statutory audit is extremely shaky. In requiring external audits for all small than £700,000—the UK is out of line with international practice. Compulsory audits are not required of small businesses in North America, Australia or sulting members in order to pre-pare a formal response by Sep-tember and reports strong dif-clients,

T is often said that American companies like Ford and IBM have made a much better fist of exploiting the conomies of scale made possible by the EEC than their French or British rivals.

But companies in some of the smaller European countries outside the Community have also discovered how to take advan-tage of the Common Market; Sweden and Switzerland are the home of many of the most out-

standing examples.
With no domestic markets of any real size, they are free marketers by necessity and exponents par excellence of the exponents par excellence of the "niche" strategy. They are experienced at identifying small market segments where they can seize dominating shares and maintain their strength by alert and continual product development.

Put another way, a small country can sustain an advanced industrial economy only if its enterprises achieve far-reaching product specialisation and exploit international markets.

Sweden has made the most

Sweden has made the most progress. The picture is more mixed in Switzerland where some of the big chemical and

engineering groups still appear to be moving sluggishly.

The successful defence by SKF. Sweden's bearings group, against the Japanese attack on the European market exactly illustrates the point. The determination of Mr Lennart Johansson, then managing director, not to cede any pro-duct to the Japanese but to fight them across the whole range trimmed SKF's profits for some years and led to decisions on production technology and product development which the group continues to implement. The story carries a message for those EEC companies still not exploiting the Common Market As Mr Mauritz Sahlin. Market. As Mr Mauritz Sahlin, SKF's present managing director, recently remarked, the Swedish company could not have set up the Global Forecasting and Supply System, on which its defence was grounded, before the Community came into being.

The system entails concentrating production of specified bearings in one European plant, thereby gaining economies of scale, and shipping the bearings produced across frontiers. A

produced across frontiers. A non-Community company was thus one of the first to take advantage of the single, European market.

Since the 1970s, when Sweden's steel, mining and shipbuilding industries collapsed simultaneously, the rest of Swedish industry has reorganised itself faster than any other in Europe. Six multinational engineering concerns—Volvo, ASEA, Saab-Scania, Electrolux, Sandvik and Ericsson—have taken over the

leading export role.

AGA, the industrial gases company, has multiplied the volume of its output by eight since 1970. Mr Marcus Storch, its managing director, is not among those who are defeatist about the potential of European industry.

15 years European compani including Air Liquide and British Oxygen—have taken close to 30 per cent of the U.S. market, while their American rivals, managing director of Bobst, the who have been operating in small Swiss multinational which European market.

Mr Gunnar Eliasson and his

Mr Gunnar Eliasson and his

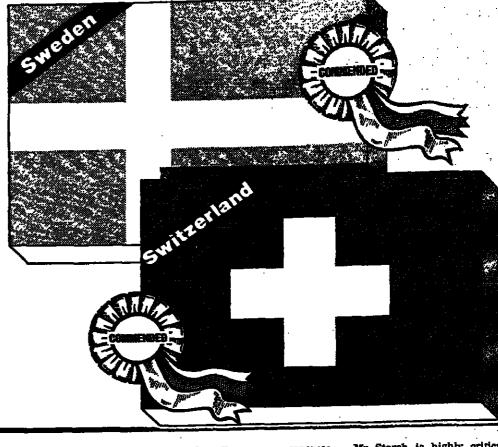
Mr Gunnar beeth operating in is the world's largest maker of the exploit the 25,000 contacts a day which his people make with and carton into packages, customers.

"In this business value added

Sweden and Switzerland

How small can be beautiful in Europe

By William Dullforce in Geneva



team at Stockholm's Industrial Institute for Economic Research have charted the way in which Swedish export companies have changed. What were once essentially manufacturing establishments have turned themselves into international marketing organisations.

much closer to the market and to the customer. Quality, not price, is the principal competitive element. A greater share of resources, both human and finanto meet requirements rather than single products.

This, in turn, means that com panies spend more on research and development with the larger share going to product development in response to customers' carefully researched requirements and the company's need to maintain its market share. In the new-style company the

in the new-style company the value added ofter the factory gate has increasing importance. Mr Eliasson believes the decline in the relative importance of manufacturing will help restore the competitive edge to European industry in the face of the Japanese and newly industrialized countries. Their greater ised countries. Their greater production efficiency may be offset by European superiority

in marketing.

Many of the Swiss and Swedish companies now performing well conform to this description. In coping with the recession of the early 1980s several sharply reduced their labour forces in production and expanded in their-marketing apparatus.

covered that it is better to stick the Japanese in the construction to those activities at which they are particularly good. mean inventing entirely new Mr Bruno de Kalbermatten, products but continual improve-

company 10 years from 1970 to realise that it was impossible to make a success of its diversifica-tion into photo-composing equip-ment which at the time seemed to have synergy with its carton-

cutting machinery.
At Sandvik, the Swiss cemented carbide and steel tool manufacturer, which turned a small 1983 loss into a SKr 1bn (£88m) pre-tax profit last year, one of the first moves by Mr Per-Olof Eriksson, when he took resources, both human and finanover as managing director in
cial, goes into customer service. February 1984, was to "strip
Systems or packages are offered off the fat" and to disinvest the group () the companies which



did not fit its main business. Common to many currently successful Swiss and Swedish enterprises is the emphasis on closer collaboration between their research and development

fastenings sector. He does not ment of both existing products and the marketing organisation customers. search stage to their launch in this business value added on the market. But Perstorp

says Mr Alfred Schindler, somewhat surprisingly. The Swiss lift manufacturer which bears his name has, for example, a

largest pharmaceutical com-pany, which has seen average annual growth of over 20 per cent in recent years.

Mr Widengren underlines the importance of "getting market-

ing people into contact with research staff often," of having highly qualified people talking directly to doctors and of communicating as a vital management tool.

AGA's research and development effort has been run usince 1976 by a technical/commercial council of some 10 people, only three of whom are researchers. The rest are marketing people as recognitud a keting people, an accountant, a university professor and management staff.
The ivory tower for research is out. It took AGA three to four years to get its researchers

four years to get its researchers to accept the link between commercial demand and research. Many of them left the company. Now teamwork has generated greater personal involvement in keeping AGA in front with new market applications according to Mr Storch tions, according to Mr Storch.

Perstorp, the speciality chemicals concern which has been

apparatus.

Moreover, diversification has gone out of fashion. Several newly vitalised companies have sold off the businesses acquired innovation is the secret of his company's success in fighting off search director. Early in the search organisation. research operation and no re-search director. Early in the 1970s its research organisation was deliberately broken up to bring researchers and marketing people closer together.

Now the chief executive in each of nine "business areas"

is personally responsible for developing products from the re-

really lies in the software, not also has Pernovo, a separate in the mechanical parts, which company specialising in identifies why people are so important," says Mr Alfred Schindler, somewhat surprisingly. The Swiss "Dusiness areas" or sells to outside buyers.

Reported spending on re-search and development varies his name has, for example, a technical spearhead in a very tough market with a new electronic control system which adds speed and efficiency to a bank of lifts.

"Good people in right jobs," is the immediate answer to a query about success factors from Mr Ulf Widengren, managing director of Astra, Sweden's larvest pharmaceutical companies speed and eveloping new products. Hill allocated Swelorment compared with its

new products. Hilt allocated SwFr 36m to research and de-velopment compared with its SwFr 1.5bn sales last year and is raising that to SwFr 43m this The statistics do not give a true picture of the research and

development effort, partly be-cause of different reporting practices but mainly because of the slift in emphasis from spending in laboratories and research units to upgrading product quality in co-operation with customers. Like Mr Storch at AGA, Mr

Karl-Erik Sahlberg, Perstorp's managing director, stresses the importance of "adding life cycle curves" to existing products. The life cycle of his mature, high-pressure laminates has been profitably prolonged by finding ways of producing them on reels instead of in sheets and by discovering of in sheets and by discovering new uses.

The philosophy that there is plenty of life and profit in "old" product lines is ingrained in most currently successful Swiss and Swedish companies. Any suggestion that the skilful application of information techindignant rebuttals.

toggles in Bobst's die-cutting machines—a technique which took six to seven years to get by using computers to calcu-late stresses on carboard pass-

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Choulartons**

Mr Storch is highly critical of European and American steel makers for abandoning the market to the Japanese and other cheap producers instead of using the cash flow they once generated to modernise plant and develop new products. plant and develop new products in co-operation with their

customers.

For Mr Sahlberg the most difficult annual budgeling exerdifficult annual budgeting exer-cise is to strike the right balance between old, cash-flow products and investment in new products or, from another angle, between healthy divi-dends for Perstorp shareholders and product renewal for the

A typical feature of all the companies is that they use information technology to speed up reporting of key figures from their subsidiaries and international outposts. Market share or market posi-tion (i.e. relative to the closest

competitor) on the one hand and cash flow, the balance sheet or return on investment on the other are available in some cases at monthly intervals. The advance in finger-tip con-trol for the chief executive runs

parallel with a decentralising trend, pushing responsibility down the line in the organisa-The new-style management gives companies greater flexi-bility and speedier reactions at

the same time as it creates a more congenial working climate for the swiftly-growing number of educated, intelligent per-Mr Alfred Schindler is highly appreciative of the "blue jeans

and T-shirt outfit" in Blel which nology, electronics and comprovided the brain power to de-bined marketing research tech-velop the automated guided niques to such products is not vehicles in his Digitron sub-real innovation meets with sidiary.

dignant rebuttals. General Motors Fanuc, the Introducing cams instead of robotics group, has just chosen Digitron as a partner. It is doubtful whether the Digitron team would have flourished in the Schindler of 10 years ago. This still evolving management style may be the key coning through the machines is tribution of the small-country basic research for Mr De multinationals to maintaining multinationals to maintaining Europe's industrial competence.

A new ace of clubs

The London night club scene is Gatien, a 32-year-old Canadian multi-millionaire who special ises in turning rundown churches into swinging night-

In New York, where the nortality rate of new clubs is probably higher than anywhere, Gatien bought an old Episco-palian church in the city's Chelnamed in The Limelight Club.

He has transformed the old church into one of the more permanent watering holes for New York night people, On a good night, anything up to 2,000 people cram its aisles. Gatien is now betting heavily

Gatien is now betting heavily that he wild be able to translate his New York success to London. He has bought a former 19th century Welsh Presbyterian chapel in Charing Cross Road for £1m and is spending another £2m before apparing for business later this opening for business later this year.

Gatien fits easily into the night club scene with his shoulder-length hair and black eye-patch and is now said to be one of the shrewdest entre



political hand wagon leaving

Men and Matters

North America. By his own admission he is a "double or nothing investor." He started in business as a teenager with the \$13,000 insurance money he received after losing an eye playing ice hockey. His first venture was a small

clothes shop outside Montreal He made \$35,000, used it to buy a Country and Western club in his Ontario home town, moved on to Florida, then to Atlanta, doubling his money as he went along. His New York club will turn

over close to \$10m this year "and a third of this will go through to the bottom line," Gatien says. He is using the profits for a new club in Chicago as well as London, But he says he has no plans to become "the McDonald of night clubs." London will be his last venture in that field.
"By the time I'm 35 I would like to be producing movies," he

Bashful bidders

Paintings at auction are going for record prices these days, but who is buying them? The art world is awash with gossip about the likely owners. Tur-ner's view of Folkestone, for example, the property of Lord Clark and sold by his heirs at \$7.37m is now on loan to the ational Gallery of Scotland. This suggests a British owner. Could it be the reclusive David Robinson who lives modestly on the fortune he made from tele-vision rentals? More recently, a baroque masterpiece by Guido Bent sold at Sotheby's for a surprising £2.2m. Once again there has been no application for an export licence, but this time trade rumours suggest it is in the British home of one of the Koch brothers. The Kochs, billionaires from the southern United States, are known to be keen buyers of Old Masters and the Beni is to

ings that Sotheby's sold in New York in April in the Florence J. Gould auction—a Van Gogh landscape for \$9.9m and a Toulouse-Lautrec portrait for \$5.28m. Sotheby's pinpointed 200 new potential buyers for these expensive Impressionist paintings, and provided them with discreet boxes above the auction floor from which they nel 9 was linking tennis covercould phone through their bids.

Now New York gossip from Wimbledon for five days. Now New York gossip suggests that the "private buyer" of the Toulouse-Lautrec was none other than Alf Taubman, the owner of Sotheby's who has been known to buy Impressionists for his attractive young wife. As for the Van Gogh, the new owners are believed to be a mysterious "syndicate of investors."

Out of court Television viewers glued to the

final day's action of the Centre Court never see the quiet New Zealander who makes it all possible, Harold Anderson's annual masterpiece is known and loved by more sports fang throughout the world than any other annual television broadcast.
Anderson, a slim 39-year-old

from Dunedin, has just com-pleted another Wimbledon marathon—120 hours of championship tennis broadcast to 350m viewers.

As a 15-year-old golf-mad youth in New Zealand with a handicap of 2, Harold had to decide between a career as an assistant professional or television—"thank goodness I made the right choice and joined New Zealand when I was 17, he says. In 1969 he came to Britain

for a three-year spell, but returned to New Zealand to produce the 1974 Common-wealth Games and then was national network. Four years later his BBC opposite number, Alan Hart, invited Anderson to become editor of Grandstand and in 1982 he took over the But the keenest speculation concerns the two major paintcoverage from Jonathan Martin,

the BBC's new head of sport. Wimbledon's TV village is on the north side of No. 1 Court on a site that would cover a dozen tennis courts. Besides the BBC's own vehicles and build-ings around which swarm the 200 people involved in bringing pictures from the 21 cameras to the mobile control room from where Martin Hopkins, Anderson's 43-year-old right-hand man selects from a battery of 41 monitors, there are the integrated operations of NBC and HBO for America, TV Asahi for Japan, and SAABC for South Africa, Australia's Chan-In case you think that after all this effort Anderson will be taking a well-earned rest this week, it doesn't work like that. He has to pick up the threads of the Belfry Golf tournament next weekend and then, the following week, mastermind the other huge outside broadcast sporting event of the year, the Open Golf at Royal Sandwich.

Last laugh

With the tourist season reaching its height, foreign visitors on London underground stations can hardly have failed to see the British Telecom posters urging them—in French, Italian, German and American English—to telephone home if they experience something their friends

The German ad shows a tubby and bewildered red-no on a blazing hot day in London. He phones home and says: "Fritz this is awful. You can't get a drink anywhere after 3 pm."

British Telecom held detailed conferences about the posters and getting the nuances right (including toning down the red on the little German's nose). Even so there have been protests, including one from sensitive peer who said the posters were anti-German and should come down.
At West Germany's embassy

in Belgrave Square, there are no such misgivings. A copy of the poster holds pride of place on the office walls of press counsellor Berndt von Waldow.

Observer

BASE LENDING RATES

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C. Hoare & Co 1249
Hongkong & Shanghai 12}9
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Knowsley & Co. Ltd 13 9
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Edward Manson & Co. 1319
Meghraj & Sons Ltd 1219
Midland Bank 1219
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Mount-Credit Corp. Ltd. 12}% National Bk. of Kuwait 121% National Girobank ... 121% National Westminster 121% Northern Bank Ltd. ... 121% Norwich Gen. Trust... 121% People's Trust 13;% PK Finans Intl. (UK) 13 % Provincial Trust Ltd... 131% R. Raphael & Sons ... 121% Roxburghe Guarantee 13 % Royal Bank of Scotland 121% Royal Trust Co. Canada 121%

篇 J. Henry Schroder Wagg 121% Standard Chartered ... | 12}% TCB 121% Trustee Savings Bank 121% United Bank of Kuwait 12/% United Mizrahl Bank... 121% Westpac Banking Corp. 121% Whiteaway Laidlaw ... 13 % Williams & Glyn's ... 121% Yorkshire Bank 121%

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¶ Mortgage base rate. Guinness Mahon 121% ** See Provincial Trust Ltd.

Hambros Bank 123% S Damand deposits St.V.

FOREIGN AFFAIRS: AFTER MILAN

The case for Euro-froth

By Ian Davidson

She must have been tempted to play to the nationalist gallery, and to bray about the childishness of the Euro-fanatics on the into that temptation could only have made interest worse, and might have converted a desiral

The problem is that Mrs
Thatcher's show if seremity
may rest on the assumption that
nothing his really changed, and
that despite all the incling and numer to come the will get her way in the end. Such an assumption could prove deeply and dangerously mistaken.

The case for sevenity is simple, and it falls into two parts. First, and it falls into two parts. First, there is no consensus est the purpose of the constitutional conference which is to be held later this year. Is it to be a minimalist affair, aimed at introducing majority voting in a few Kome Treaty articles which are contently subject to manimity? Or is meant to be a maximalist enterprise, to introduce large new legislative powers for the European Parliament?

Deciding on this agenda is perhaps the most difficult step. For if it is too marks may stay

Danes or the Greeks may stay home, thus putting the kybosh from the outset on the prosfrom the outset on the prospects of getting any ratifiable to a conference later in the agreement. The Lancenbourgers, who have taken ever the presidency of the Comminatry for the Milan, may no longer be quite rest of the year, must be having so satisfied now, as a negotiating fin the result of the diploment. (in the words of one diplomat) "70 different fite."

Even if the Luxembourgers can lure all the member states to the conference and keep them there, they still have the problem of shepherding them towards an agreement which can be ratified in all parliaments. Without such unanimity, the conference will fair, hirs Tratcher may think she can rely on the Greeks and the Danes to ensure that the Euro-Danes to ensure that the Euro-fanatics scale down their aspira-tions to the minimalist and of

that Mrs Thatcher has made the chort to adopt a calm and comparatively conciliately posture after the debacle of the European Community summit in Milan.

Milan.

She must have been tempted to play to the nationalist gallery, and to bray about the childishordination of foreign policy. Let the fanatics have their conference: but since the British ideas are obviously so sensible and realistic, why shouldn't they become the basis of an eventual agreement?

"A minority of Euro-Unionists succeeded in panick-ing the rest into a conference," says one British official, "so some way must be found to enable Italy and the Benelux countries to satisfy their public opinions. Meanwhile, we shall stick to our last in a patient and constructive spirit."

"There will be an enormous amount of troth." says another, "but we shall not be adopting a high profile. They must work set something sensible."

"Sensible": that is the word which trips so satily off the tongues of British negotiators, and there is undoubtedly a lot to be said for being sensible. The most sensible thing the slimmifteers could have done would have been to agree on some immediate improvements

in decision-taking, even of a modest and pragmatic kind, for the sake of effectiveness and credibility; and to have con-signed more sweeping changes to a conference later in the

so satisfied now, as a negotiating strategy for an open-ended conference. For the question now is not just whether the Community will make "sensible" improvements in majority witing, but whether the conference will produce a result which the majority of the member states, starting with the original Six, can regard as a success.

Before Milan, there was very strategy of the reality of the reality of the results which may not be may change a success.



Mrs Thatcher: conciliatory posture

prepared for a bigger role for when the Six started down this the European Parliament, but road; they went on taking a not for joint decision-making: superior view of Euro-frost 27 the last word must remain with the Conneil of Ministers.

But after Milan the position are still taking a superior view may change. The fact that the of Euro-froth. By this time future of the Community does to dawn on people that Euro-froth is essential for an undertaking whose defining charac teristic is an institutional mechanism for reforming the

munity grinds to a halt: the farm policy becomes hostage to Bavarian farmers. Something extra is needed to overcome Treaty, such as foreign policy, vested national interests: prag-matism is not enough — and everybody knows it, except Mrs

The decision to hold the con-ference has raised the ante; whatever reservations the whstever reservations the French may have had before, they are now bound to stake out a more forward position than Mrs Tratcher would like, partly for reasons of public rhetoric, partly to distinguish themselves from the British, and partly to be able to determine the direction of the negotiations.

If the conference falls short of any substantial concession to of any substantial convession to the political aspirations latent in the Six, it may look, by the criteria of British commonsense, like a success; but it will be, in political terms, a serious failure. And then the chances are that the Six, perhaps with Ireland, will look for an alternative way of strengthening their links in an inner core.

That at least was the predicthat at least was the predic-tion, made quite independently last week, by two very seasoned students of the Community, in identical terms. "It is now inevitable," said one; "either the Rome Treaty will be amended, or there will be a new treaty [between the Six]; one or the other."

If this is the choice, then it is obvious that an agreed amendment of the Rome Treaty is, from Britain's point of view, much better than relegation to the outer tier in a two-tier political Europe, But the more the Brillsh Government minimises the need for treaty amendment, the more it will strengthen the foot-dragging of the Danes and the Greeks, the more it will undermine the prospects of a politically successful conference, and the more it will reinforce the prospects of a twotier Europe.

British officials may be tempted to scoff at the danger. The Six cannot abrogate their chilgations under the Rome Treaty, and they cannot change

can adopt a treaty on policy areas not covered by the Rome Treaty, such as foreign policy, or culture.

But if they went for a pre But if they went for a prefederalist treaty, like the
Spinelli draft from the European Farliament, which
encompasses the competences
of the Rome Treaty, they would
face the prospect of two
parallel treaties, with parallel
institutions, and constant legal
battles between two Courts of
Justice. Such a result is such
a recipe for confusion as to be
scarcely conceivable. scarcely conceivable.

But this kind of pragmatic demolition of the alternatives facing the Six is surely to miss the point. First, any new agree-ment limited to the Six, even if it appeared completely vacuous, would be a major political statement, with entirely unpredictable conseentirely unpredictable consequences for the longer term. Second, it would be open to the Six to conclude a treaty establishing a political caucus, with interpretations on the application of the Rome Treaty; among other things, it might denounce the Luxembourg Compromise and the right of the second half of 1983 when a false dawn appeared.

The Employment together, unemployment has still been rising at an average rate of 7,000. Over six months the average rise was 11,000. This compares with 12,000 in 1984 and a basic rise of less than 5,000 per month in the second half of 1983 when a false dawn appeared.

The Employment together, unemployment has still been rising at an average rate of 7,000. Over six months together, unemployment has still been rising at an average rate of 7,000. Over six months the average rate of 7,000. Over six months the average rate of 7,000. This compares with 12,000 in 1984 and a basic rise of less than 5,000 per month in the average rate of 7,000. This compares with 12,000 in 1984 and a basic rise of less than 5,000 per month in the average rate of 7,000. This compares with 12,000 in 1984 and a basic rise of less than 5,000 per month in the average rate of 7,000. This compares with 12,000 in 1984 and a basic rise of less than 5,000 per month in the average rate of 7,000. The average rate of 7,000. The average rate of 7,000 in 1984 and a basic rise of less than 5,000 per month in average rate of 7,000 in 1984 and a basic rise of less than 5,000 per month in average rate of 7,000 in 1984 and a basic rise of less than 5,000 per month in the average rate of 7,000 in 1984 and a basic rise of less than 5,000 per month in the average rate of 7,000 in 1984 and a basic rise of less than 5,000 per month in the average rate of 7,000 in 1984 and a basic rise of less than 5,000 per month in the second ball of 1983 when a false dawn appeared.

thought she would out-smart the unionists in Milan, but she underestimated the importance of Euro-froth. Her best option would be to stick like a shadow to the French and the Germans, in order not to be left out in the cold.

But she may not find it easy But the may not find it easy to discover what their real intentions are, because she woted the wrong way in Milan, and because she has sneered for too long at the Eurorhetoric which remains a real if neglected talisman of the Six. Moreover, the British budget battle is over but not forgotten. For five long years she made them sweat; now she may have to learn to est crow. Before Milan, there was very six which are silly, but which are silly of the serious doubt whether the political and economic map of the french of German Governments resilty wanted much more than British. The French of European enterprise and have been since it began.

Why will the British never than British. The French Government, for example, was view of Euro-froth 35 years ago, political aspiration, the Company of the political applications that the European enterprise and have been since it began.

By itself, Euro-froth produces nothing but empty declarations.

By itself, Euro-froth produces nothing but empty declarations.

They can adopt, and even forgotten. For five long years the European in the composition of the European enterprise and have been since it began.

By itself, Euro-froth produces nothing but empty declarations.

They can adopt, and even forgotten. For five long years she made them sweat; now she may have to learn to ext crow.

Lombard

Jobs—two straws not yet summer

By Samuel Brittan

But those of us who stress the variability of month-to-month figures, whether for unemployment, industrial production, money supply or anything else, need to be more careful.

If we take the last three months together, unemployment

Compromise and the right of national veto.

Third, in every single case, according to my hypothetical tree, Britain would be obliged to seek membership in the new inner second half of 1983 when a false dawn appeared.

The Employment Secretary, Tom King, may say that this is the best month for five years; but if we take a half-yearly, or even quarterly, look the last to seek membership in the new inner second half of 1983 when a false dawn appeared.

The Employment Secretary, Tom King, may say that this is the best month for five years; but if we take a half-yearly, or even quarterly, look the last to seek membership in the new inner second half of 1983 when a false dawn appeared. according to my hypothetical tree, Britain would be obliged to seek membership in the new inner grouping, because it could not afford to be in the outer. But it would do so too late, and by then the damage would have been done.

Mrs Thatcher now has little Mrs Thatcher now has little and I would want to see whether room for manoeuvre. She it was confirmed or weakened by the next full survey due this

> A greater basis for optimism is the behaviour of vacancies, which after showing no clear trend in the first quarter of 1985, have been rising steadily in the second. They are now twice as high as at the recession low point in 1981. But before cheering too loudly, we might remember that the present level of notified adult adjusted vacancies of 175,000 (believed to be about a third of the total) is not all that much higher than the earlier peak of 168,000 achieved in October 1983, before

month.

achieved in October 1983, before a subsequent relapse.
One of the few predictable features is that there will be a scare headline when the September are unemployment figures are policies were at the root of high unemployment are a long way from the heart of the matter.
Last September, for instance, the headline total jumped by 168,000, when the underlying rise was 24,000.

By Samuel Brittan

IF THE editor allowed questions in headlines, the title of this article would be "Has the Unemployment of that, although one can be slightly more hopeful, it is still underlying drop indeed to prevent a levelling off.

Those people who latch on to individual bad months, such as April, to make political points should feel suitably chastened that the "headline" June plays into the hands of the unemployment total fell by 62,000 and that the "underlying" seasonally corrected total, excluding school leavers, fell by 7,000 after a levelling off in May.

But those of us who stress the variability of month-to-month of the problem that exists throughout the year, although the timing plays into the hands of the wets."

There is an important non-debating point to be made about registered vacancies. The present figure of 175,000 corresponds to an unemployment total of 3.2m or 13.1 per cent. When vacancies were last at

When vacancies were last at this level in early 1980, unemployment was 1.4m or about 5½ per cent. Further back in 1971, some 175,000 vacancies were associated with less than 700,000 unemployed or about 3 per cent. 3 per cent.

One does not want to lean too heavily on vacancy figures, which may record a different fraction of true vacancies over time. But for what they are worth, they suggest that a given state of the labour market is accompanied by far more unemployed than in earlier periods, suggesting in turn a greater mismatch between employment opportunities and the characteristics of the

The vacancies evidence, together with indirect evidence of re-emerging capacity restraints on output, and skill shortages, reinforce the impression that the economy would have difficulty in absorbing a much larger increase in demand than the present and that the key to unemployment lies elsewhere.

This does not mean that de-

This does not mean that demand can be disregarded; and it is important for the Chancellor to watch fiscal and monetary policy to make sure that the present upturn does not dwindle too much in 1986, after allowing for the catching-up ele-ment due to the miners' strike. But the majority of senior economic academics who told a recent survey that tight fiscal policies were at the root of high

British Telecom's private circums

From the Head of Information Services, Central TV

Sir, — I have just received a letter from British Telecom a letter from British Telecom nevising that X Stream private circuit costs are about to increase. I note with particular interest that British Telecom is "taking a number of steps to increase the performance further." It needs to.

Experience since the begin-ning of 1985 on our main Kilostream route has, to say the least, been unsatisfactory.

We have suffered three major down-times "owing to maintenance" of ever two hours each in duration. No prior warning was received.

A test "loop" was left in one circuit by a British Telecom engineer, rendering it unavailable for several bours.

Numerous falleres in excess
of 10 seconds have ensured.

Our estimate of availability for the current year a below the CCITT recommendation.— let alone the more ambitious BT target of 99.5 per sent avail-ability ps — and that is based on the assumption of no down-time at all during the ment are

Central House, Broad Street, Birmingham

Psychological tests in recruitment From Mr J. J. Q. Fox

Sir,-In his article about the sir.—In his archite about the use of psychological tests increasing in recruitment."

(July 4) Brian Greom mentioned some of the ways in which tests can chable employers to identify better

Having used psychological tests for 30 years, we feel there is an added benefit which should be of interest to your readers. When applying for jobs, too many people are restricted by what they have done previously. Through the use of tests, employers can identify people who have the potential to develop new skills and new careers. These people will be much there motivated, committed and keen to succeed then people was have become tied down by earlier and perhaps wrong career choices.

Employers, above all, need prople who are intellectually and emotionally flexible, and these are qualities which can be answe are quantees which can be assessed by tests far more effectively than through interviews or a candidate's track record.

!ashua Fox. Consultant Director, Career 90, Gloucester Place, WL

Letters to the Editor

Discrimination against men

Sir,—I happily concede to Ms Allen (June 25) that pensions and motor insurance are not in and motor insurance are not in the same league. The point is that life is full of inequalities, but women are not, as some organisations would have us believe, the only victims.

The Equal Opportunities Commission does indeed call for repeal of section 45 of the Sex Discrimination Act, but it has been unable to make much progress in 10 years, and so is forced to make guerrills attacks on it by supporting individual cases. I predict that those cases will only be the ones of femining interest, but we shall see.

Ms Allen is on dangerous ground with her speculation that the lifespans of the two sexes may converge when women take on more demanding careers. It follows logically that womankind must be having an easier time of it at present, the more suggestion of which may well cause apoplery in feminist circles.

Michael Purches, Rush Common House, Abingdon, Oxfordshire. P.S. Splendid cartoon!

Transcripts in court cases

From Mr R. J. M. Morgan Sir,—I read with great interest and agreed fully with Rachel Davies's article on the availability of transcripts of court cases (July 1). To its timely observations I should like to add two more.

Firstly (and this was mentioned obliquely in the article), there is a plethora of reporters and transcribers within each division of the High Court and the Court of Appeal: there is, to say knowledge, no way of asterishing with any degree of case who is attached to a parlicular division when one gets to hear of a case. Much time is, therefore, spent in tracing the therefore, spent in tracing the reparter and/or transcriber, and even when one does, the transcript may not be ready for

Secondly, there is the curse unreported cases, many of of the long-term or permanently which involve important points which involve important points which involve important points when we could otherwise be helping with the formation of a really effective group. of law and are the bane of prac-titioners and students slike. It is not unknown for a reported case to have been decided six

only to have been reported secause it was applied in a sub-

I am sure that these observa-tions and those of Rachel Davies are not exhaustive: cannot the Lord Chancellor (as minister of justice) introduce a central reporting system to which inquirers can be referred when attempting to trace transcripts and with a brief to ensure that all noteworthy cases are included in the leading law reports? There must be radical interpretations of the characteristic statement of the characteristics. improvement, for the adminis-tration of justice, and the con-tinuing legislative and common law developments which pro-vide it with work, will not slacken pace just to suit an out-moded system of reporting. Whither the adage that "ignor-ance of the law is no defence"? Robert Morgan, 7 Vere Street, W1.

Britain's role in Europe

From Mr P. W. Grange Sir,—Your editorial on the EEC dispute (July 1) summarises the points of disagreement but fails to suggest a solution. In the final analysis the UK can do one of three things: pull out altogether, stay in as some kind of associate member, or agree with the majority to progressively majority to progressively reduce the right of veto.

If we pull out we might apply for closer ties with the U.S., but even assuming they wanted us we would then find ourselves stuck with their foreign policy. The associate membership is a poor compremise—however a decision to go along with the others to accept majority votes would bring significant benefits in the long run.

Our logical course of action should be to further strengthen the EEC. With the entry of Spain and Portugal the Community is now commercially more powerful than either the U.S. or the Eastern Bloc. If eventually welded into a genuine federation, it will be in a position to exert a stabilising influence on foreign affairs which would be to everyone's advantage, particularly to our advantage, particularly to our younger generation who would otherwise have no future at all.

82 Collinswood Drive or seven years beforehand and St Lconards-on-Sca, E. Sussex

No power to block

From the chairman, Conservatives Against the Common Market.

angry with our European part-ners! Furthermore she believes that she has power to block our being subsumed into the proposed Euro-megastate. But this is not the epinion of the Spinelli committee which drafted the treaty of union; they believe that Britain can be forced into the union against its will if a majority of states representing two-thirds of the

population agree (see Article 82). As the only three states opposing unification (Britain, Denmark and Greece) represent less than one third of the total population, it appears that the unifiers have already got their required majority. Our European partners see themselves as our bosses; they may try to deal with us as the southern states of the U.S. and

Biafra were dealt with when they tried to secode from the unions in which they were en-Mrs Thatcher had better wake up before it is too late?

R. E. G. Simmerson, 36, Wilton Avenue, Chiswick, W.4.

Profligacy From Lord Killearn.

Sir,-Nowadays governments

Sir.—Nowadays governments
—or at least our Government—
inflate the money supply by
creating extra credit through
the banking system.

Henry VIII and Charles II
did it through the Royal Mint:
Asquith through the Treasury
by Bradbury notes.

Nobody suggests that deficit
financing of government activities—the "printing press."
now politely called the PSBR
—is a good thing; but why
acquire an additional substantial, continuing (and unnecessary) interest charge in the
process?

Killearn. House of Lords.

Smoke signals From Mr H. Anderson

Sir,-" Battlefront advances on smokers in America " (July 2, page 4). Is this attack on a great working tradition to be extended to the UK? Ever since Raleigh, the drift of smoke over closed toilet doors has been a hallowed and integral part of the "comfort" break.

Excuse the Americanism. Or could it be that you meant to say conveyances? Hamish Anderson.

Department of Exergy,

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FINANCIALTIMES

Monday July 8 1985



Terry Byland on Wall Street

Hopes rest on service industries

THE SHADOW cast over corporate earnings prospects by the sluggish ness of the U.S. economy deepened a little more at the end of last week as Wall Street scanned the lates employment statistics. Brokerag analysts stepped up their search for companies with above-average earnings records, and commitment to sectors inought least vulnerable to an economic slowdown.

The distinction between the man ufacturing sector, which seems more vulnerable to an economic slowdown, and the service indus tries, which continue to prosper, often simplifies itself into a matter of corporate size. The manufacturing sector, reflected in the stock market by trends in the major market inices of Dow Jones and Standard & Poor's, features the larger sized U.S. companies. In almost natural contrast, the service sectors incor porates a host of small company names, many trading on the Nasdag over-the-counter markets.

Seen in this light, it is significan that the larger capitalisation stocks have been more erratic in recent weeks. Although market indices have pushed through to new peaks, they have responded quickly and nervously to the ebb and flow of federal economic data. The smalle stocks have been more resolutely pessimistic over the past month of above-average gains of the rally at the beginning of the year.

Now, with analysts scaling do profit forecasts for the industrial stocks, the time may be ripe for reassessment of some second line ser

The market pundits predict falls of up to 6 per cent in the second quarter in manufacturing sector profits. Yet Smith Barney, Harris

52-WK PRICE P/E AM Bakerics \$22-15 \$20% 8.8 Heck's \$16-10 \$13% 7.0 Longs Orus \$30-18 \$29% 12.5

Upham estimates that the S & P 500 stocks continue to trade on a prospective earnings ratio of around 11.7.

This contrasts sharply with the many smaller, service industry stocks, trading on well under 10 times earnings, despite solid forecast of profit gains for the full year of 10 per cent to 20 per cent.

It may be, of course, that the confidence in the service sector is mis placed, and that its corporate profits outlook will fall into line with that of the industrial stocks. But the display between manufacturing and service industry stocks is too great to be ignored.

Some stocks have already begun to respond to increased institution al interest, Longs Drug Stores, operator of retail drug stores in Califormia and throughout the U.S. is close to its 52-week peak and selling at 12.5 times estimated earnings for 1986. Its strength is based on expectations that earnings will rise by 14 per cent this year and perhaps 12

A better buying opportunity may be American Bakeries, also a mere \$2 off its 52-week peak but available on under 9 times the profits estimated for 1986 by Smith Barney.

With sales till under \$500m American Bakeries has a strong earnings record and prospects bu the stock price has been held back by the cost of acquisitions. The ard's place to reduce debt by a private placing of 500,000 shares threatens to dilute the equity. If the service sector meets the same kind of slowdown as manufacturing industry then Bakeries may find it is hard to generate the extra earnings for the placed shares. But, in the meantime, the low earnings multiple is a major attraction.

Another prime candidate Heck's, the West Virgina based discounter which is emerging from a costly programme of store modelling. The stock is midway in the 52week range and the low earnings ratio has yet to reflect the turnround in profits expected this year, By 1986, Heck's could be earning \$2.00 a share, compared with the loss of 86 cents in the last fiscal pe

Heck's stock price has been held back by the store remodelling plans. But they are now well-advanced, and financed by low interest bearing industrial development bonds, Like American Bakeries, the stock has plenty of room to grow if the expected profits come in, and yet plenty of leeway if the service sector fails to measure up to market expectations.

To put it another way, any manufacturing stock selling below the estimated earnings ratio of 11.7 for the Standard & Poor's 500, is probably priced safely, unless the economy does very much better then expected. If the economy does worse than expected, then the manufacturings stocks will be the first to

AT LEAST 50 PITS MAY CLOSE IN PLANNED FOUR-YEAR PROGRAMME

UK coal output to be heavily cut

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

THE UK National Coal Board (NCB) is to open a massive pro-gramme of closure of exhausted and uneconomic pits with the aim of cutting out some 30m tonnes of old capacity over the next four

Of that, nearly half - some 13m to 14m tonnes - will be pits that are clearly exhausted or very near to exhaustion. The remaining 16m to 17m tonnes will be uneconomic capacity - pits where substantial reserves remain, but where no prospect is likely of break-even or prof-

The board's aim will be to stabilise output at about 90m tonnes of deep mined capacity, with a further 15m-16m tonnes being provided by open-cast coal. It believes that that output target will match existing market realities and that growing production from large pits where there has been new investment will progressively reduce the need for unprofitable production.

That perspective will form the basis of a new "Plan for Coal" - replacing the plan that was a key issue in the recent year-long miners' strike. the st It has already received outline ap-

proval and is likely to be approved by the board in the next month.

The cuts will fall hardest on the peripheral" areas of Scotland, South Wales, the north-east of En-gland and Kent, south-east Eng-land. The board will fight shy of putting precise numbers on the capacity cut, but it will mean the clo-

of at least 50,000 mining jobs.
The board will attempt to "frontload" the cuts - that is, make as many closure announcments as possible in the next two years. That is for two reasons. First, the Coal Industry Bill specifies a two-year period within which the board must return to profit and provide its own funds. Second, board officials believe that the National Union of Mineworkers (NUM) will be unable to offer any effective opposition to a closure programme over that peri-

A further weakening of the NUM, after its failure in the pit strike which ended in March, came on Friday with the decision by leaders of the 27,000 Nottinghamshire miners - most of whom worked throughout

paying its members a premium over other miners, and to restructuring the payments system.

a new wages structure in the coal-field to give higher bonus payments to the key face workers while ensuring that all the Notts miners ensure of at least 50 pits and the loss joy a "loyalty differential" over oth-

In discussions on the coming wage negotiations, the board has already developed the strategy of linking wage increases with produc-tivity, thus increasing the differentials between areas. The Notts development now means that a new productivity-based wages structure, long an aim of Mr Ian MacGregor, the NCB chairman, is likely to be

attempted, at least in that coalfield. The NCB's most senior managers have received strong backing for their plans for the industry from Mrs Margaret Thatcher, the Prime Minister, who entertained them to dinner at Downing Street at the end

Mrs Thatcher was particularly keen to encourage the board to de-velop further its NCB enterprises

The NCB is set to open talks with subsidiary, which has received the breakaway union with a view to £10m (\$12.3m) funding and is charged with providing new jobs in areas hit by pit closures.

clear that closures will go ahead, on economic grounds, without the agreement from the mining unions on a revised colliery review proce dure. However, the NCB will adand will provide an adjudicator as a court of final appeal on closures that are opposed by the union.

The Notts decision to form the coalfield's own union marks the first break in the unity of the NUM since it was founded in 1944.

Notts officials believe the rift is now deeper than in the 1920s, be-cause of the desire of groups of workers in either fields to join a

new, moderately-led federation.

The group of miners and craftsmen in the north east of England which has already broken away from the NUM - the Colliery Workers and Allied Trades Association will join with the Notts union. It may be followed by Leicestershire, South Derbyshire, the clerical sec tion Cosa and groups from other

THE LEX COLUMN

Boiling oil for chip-makers

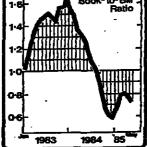
Amid the chaos and hysteria of the last fortnight's stock market asclear industrial factor stands out British companies such as STC and Thorn EMI, through its Inmos subsidiary, have been savagely hit by the latest slump in the world semiconductor, or chip market. Inmos is not the only company laying off em-ployees and working short-time; the research group Dataquest esti-mates that more than 14,000 people worldwide have been made redundant in the last six months, a reduction in employment of about 20 per

As surely as night follows day, slump follows boom in semiconductors. And when the slump comes manufacturers are left with plant that is almost as expensive sitting idle as it is at full capacity. A typical wafer fabrication plant costs be-tween \$100m and \$200m to build – and in five years, it will probably be obsolete. When a customer can buy a chip for as little as 50 cents, it is not surprising that suppliers have to go for high volumes to recoup their investment. Both U.S. and Japanese suppliers, who between them have nearly 90 per cent of the \$28bn market, invest heavily in pro-duction technology to stay ahead. Last year, encouraged by the excess of demand over supply, the industry invested over \$6bn. This year, the figure is likely to be far lower, but the hig companies still hope that they can cut costs enough through capital expenditure to force smaller fry out of the market.

Oversupply

There remains a painful problem of oversupply, especially at the least sophisticated or "commodity" end of the range. With very high fixed costs and negligible marginal costs, producers are prepared almost to give their chips away. The price of a 64k dynamic random ccess memory (D-Ram) chip has fallen from around \$3 at the end of last year to as little as 50c. The more complex 256k D-Ram can be bought for \$2.50 compared with \$18 eight months ago. At these prices, there is little, if any, profit margin

Along with this oversupply, the mand. Of the four main chip-using



U.S. Semiconductors

And the second is seeing its sales slow down, albeit less dramatically. The industry's book-to-bill ratio, which measures the relationship of orders to production has been less than one since last summer. Since prices fall by about 20 per cent a year in normal markets because of falling costs, the ratio should ideal-

ly average more than unity. Financially, chip-producers are being hit from all sides. Expensive payments on equipment leasing eat into cash flow and if machines have been bought, they have to be depre-ciated over periods as short as five years, taking large chunks out of profits. Meanwhile, as capital ex-penditure strains the balance sheet, the fast-falling value of stocks is What makes this slump worse

than the rest is the scale of expenditure needed to rise out of it. Until recently, companies could make money producing a commodity chip for three or four years until the next generation superseded it. Now it looks as if life cycles are shortening. The 256k D-Ram, for instance, has only been around for a year and already, consumers are holding back to buy the 1000k version, which should hit the market this year. At the same time, production of these more sophisticated chips is becoming more expensive. Soon, only the very biggest players in the commodity chip game, like Texas Instruments, Motorola, NEC and Hitachi, will have large enough economies of scale to be able

such as GEC and Plessey, have sectors - computers, consumer stayed out of the commodity end, manufacturer, Signetics. Ideally, goods, telecommunications and infinding themselves niches in Europe needs cross-border co-operdustrials - the first seems to have specialised chips, many of which ation, a goal which is probably as enough trouble selling its existing they use in-house. Ferranti concen- difficult to achieve in chips as in stocks without making many more. trates on semi-custom chips - tai- fighter aircraft.

make money out of it.

area which has been partially insulated from the havoc at the botton

been the worst hit. Both make standard chips and have seen the prices of their products at least halve this year. Neither can hope to compete on the scale of the large U.S. or Jap anese producers, and Inmos admit-ted as much on Friday when it announced that it would source its D-Ram production from Japan and

puter on a chip, comes on stream, profits will be hard to come by. STC, meanwhile, is busy investing £60m in a factory which will have to produce sales three times as large as the whole of STCs semiconductor division did last year for the incuit enough task in a good market.

The national policy arguments which led the NEB to fund Inmos in the first place are still respectable To some extent, improvements in chip design dictate advances in equipment design. And some people argue that custom chip producers need to be involved in improved technology at the bottom end of the market to keep abreast at the top. Finally, while it may be easy to buy chips now, ensuring a constant supply during a boom could be impossi without a domestic producer.

Co-operation:

While UK production may be in the national interest, though, it is unlikely ever to be in an individual company's economic interest. No specialised semiconductors, is ever going to be able to make decent returns over the long run because its fixed labour costs will be too high and its market too small. Even the European market, fragmented as it is, only accounts for just over 15 per cent of world semiconductor con-sumption. The irony is that if a British producer were big enough to survive and contribute to the national interest, it would have to sell most of its products in the U.S. and Japan. And European companies It may be surprising, given how have not proved successful there. In gloomy the picture is, that UK com- the world's top 10, the only Eurowon its place by buying the U.S.

Phillips Petroleum to sell 35% stake in North Sea's T-Block

BY DOMINIC LAWSON IN LONDON

PHILLIPS PETROLEUM, the U.S. oil company, is this week to begin an auction of its 35 per cent stake in T-Block which contains one of the largest accumulations of oil remain-

The sale forms part of a plan by Phillips to raise \$2bn by asset disposals, to fund the capital reconstruction used to fend off Mr T. Boone Pickens, the U.S. corporate

plex areas in the North Sea and despite the drilling of 15 wells since the discovery of an oilfield in 1976 the method of development is still undecided. The area contains bebarrels of oil in four separate accu-

Despite the area's complexity, an rare opportunity." Most preliminary industry estimates put the val-

North Sea asset sale since British Petroleum sold 13 per cent of its Forties field in 1983.

Phillips' partners, however, have pre-emptive rights enabling any of them to take over Phillips' stake by matching the highest bid in the auction. The other partners are: Agip of Italy, with 17.9 per cent: Petrofina of Belgium. 30 per cent; Century Power and Light with 8.6 per cent; and Lasmo with 8.5 per cent.

The two UK partners, Century and Lasmo, are believed to have held talks about pooling their re-sources to match the highest bid in the auction, but should Century and Lasmo succeed the group as a whole would then have to decide which company should operate and develop the field. Currently Phillips

Britoil, the UK's largest indepen-ent oil company, struck a \$30m eryone will want to look hard at this deal with Texaco last month to buy ue of Phillips' stake at about \$100m evident desire to increase its pres-

tender for Phillips' stake. British Petroleum is also seen as a poten-

in large measure on how quickly the industry believes the fields could be developed, with production before 1990 a likely goal for any successful bidder. The largest field within T-Block, Tiffany, would cost about £600m to develop according to stockbrokers Scott Goff Layton. If all four fields were to be developed the capital cost would be at least £1.8bn, the brokers estimate.

This week Phillips opens up a data room on T-Block containing all the geological evidence the industry will need to make its bids. Phillips has now completed \$53m

of its \$2bn programme of asset sales and the company said last week that it expected to have into and operate a Texaco North it had no plans to sell other parts of Sea block containing oil. Britoil's its interests in the UK sector of the North Sea, although it is negotiatwith some going as high as \$200m. ence as an operator of North Sea ing to sell its interests in the Dutch

U.S. to consider unitary tax ban

By Nancy Dunne in Washington MR JAMES BAKER, the U.S. Treasury Secretary, is now considering whether or not to propose Federal legislation prohibiting the controversial state practice of taxing multinational companies on the ba-sis of their worldwide earnings.

It has been more than 11 months since Mr Donald Regan, the former Treasury Secretary, gave the states which employ unitary taxation one year to make "appreciable progress" in ending the practice before recommending federal legislation that would impose such a ban.

Mr Baker, with other Treasury officials, is now studying the progress and is expected to make a rec-

Meanwhile, the state governments have been the focus of tremendous foreign pressure from multinationals which have threatened to limit expansion within their

Since last July 30, six states have ended the practice of taxing foreign corporations on the basis of their worldwide earnings, and six have yet to act. California is considered the key

hold-out. There the state Senate last month passed a Bill allowing foreign companies to select unitary taxation or to elect an alternate water's edge approach" which ties as wholly separate.

A bipartisan working group of California legislators and state agency heads has been considering various schemes that would satisfy both foreign and domestic corporations and, at the same time, promote Californian trade. One proposfee" for those corporations which want their taxes assessed through the "water's edge" method. The funds raised through the fee - an estimated \$150m a year - would finance various state trade and devel opment programmes.

California has moved repeatedly towards repeal, and came within a whisker of getting it passed last year. It is not certain that this year will bring success. The state legislature will take a one month summer recess on July 19. The final deadline for modifying a Bill in con tee is August 30.

But Mr Baker's decision must be made well before that time.

He, unlike Mr Regan, is not facing the pressure of pre itics, and he may decide that a proposal for federal legislation might be just what is needed to get the re-



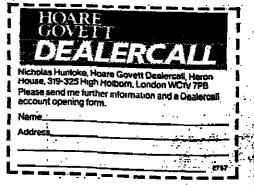
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Mexican opposition in pre-poll protest against election 'fraud'

BY DAVID GARDNER IN HERMOSILLO

aded municipal electoral offices across the north-western border state of Sonora at the weekend as Mexicans prepared to vote in what is widely seen as the most impor-tant test faced by the ruling Institutional Revolutionary Party (PRI) in

The blockade was the latest attempt to protest against the electoral fraud Pan alleges is being prepared to deprive it of winning governorships of Sonora and the central northern state of Nuevo Leon. The protests affected all Sonopolls opened yesterday morning army and police units had dispersed all of them except in Hermosilio, the state capital, and Agua Prieta, on the U.S. border, where frontier

traffic was being stopped. Agua Prieta, a town of 50,000 held by the Pan, was the birthplace of the PRI 58 years ago, in the aftermath of the Mexican revolution. Since then the party has held power without interruption.

The elections are the mid-term contest for Congress, seven of 31 state governorships, and more than 800 town halls. The PRI's hold on power is not at stake, but it faces an unprecedented challenge from the right at a time when its prestige is

MEXICO'S right-wing opposition at an all-time low because of the 64 out of 208 voters are doubles National Action Party (Pan) block- mismanagement and corruption preceding the 1982 financial crisis and the austerity which followed. President Miguel de la Madrid erage, 60 per cent of Mexico's poputook office in 1982 promising more lation is below voting age. democracy and clean elections in a • The PRI has deliberately re

again resorted to ballot rigging.

sions it lost the vote. are honoured, this will signal the into the high 40s at this time of end for the PRI.

In Sonora, Pan officials charge that attempts are already being made to wipe out what they say is a four-to-one margin in its favour. Some 19 of the candidates they put up in 63 municipalities have been disqualified on legal grounds, and PRI-controlled local electoral commissions have denied credentials to

Pan election observers. The Pan's other charges are that:
The electoral register has been deliberately padded in pro-PRI areas. Pan officials have shown reporters copies of electoral rolls with

while in the mining town of Cananea, there are 22,239 voters out of 27 000 inhabitants, although, on av-

bid to reverse the PRI's unpopulari- duced the number of voting booths ty. But after losing a string of major to deter voters in Pan areas. The to-cities to the Pan in 1982-83, the PRI tal has been cut from 1,155 in 1982 to 1,059 now. In Cuidad Obregon's The PRI has never lost a state seventh district, there is now one governorship before, though on at booth to accommodate 8,000 voters least two well-documented occa- where there were three for 6,000 in Pre-election argument has, there- of the vote. Pan officials claim votfore, centred on the function of vot- ing there would take five-and-a-half ing in Mexico's de facto one-party days at one voter a minute, and this state and whether, if Pan victories at temperatures which reach well

The Pan was expecting trouble yesterday in Hermosillo's Section 54 shanty town area, where their populist candidate for governor, Sr Adalberto Rosas, has picked up strong support despite the PRI's identification of the Pan with big business. In this area there are four booths, against seven in 1982, to ac

commodate 14,000 voters. Sr Norberto Corella, Sr Rosas campaign manager, said: "There is going to be trouble and we are not going to stop it."Army and police units were on full alert in anticipa-

New attack on Thatcher

The CBI said that the present Mr Lawson to its demand, voiced buoyancy of the UK economy was nearly a month ago, for an immedibased on many orders won by Brit- ate cut of two parcentage points in ish businessmen before January's interest rates. Yesterday's broad-4.5 percentage point jump in inter- side specifically rebukes the Chanest rates and the subsequent cellor for over-reaching himself

year, "industry will not prosper in Government

few months and when the pound

The CBI has been particularly in-

censed by the dusty answer from with his response - that employers

World Weather

Continued from Page 1

Mr David Howell, former Tory an environment in which exchange Transport Minister, said that all the rates appreciate by 20 per cent in a main indicators - unemployment, interest rates, taxes and inflation - stands at a two-year high against had to fall by next year if the Gov- the D-Mark." ernment was to win the next gen-

strengthening of sterling.

Although the CBI's own econo- should help themselves by restrainmists recently forecast real eco-nomic growth of 4 per cent this ing lower interest rates from the

Euronotes now part of the financial scene

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

BUSINESS in the Euronote market ing Blue Circle, Pergamon Press, continued to race ahead in the first half of this year, according to new the consumer finance unit of the J. figures compiled by the Euromoney Capital Markets Guide.

Euromoney, whose figures are currently the most comprehensive money figures, which exclude banking indicator of the level of market activity recknes that new facilities ward credits.)

tivity, reckons that new facilities signed in the first half totalled \$18.75n, more than the \$17.45n arof British companies are now beginranged in the whole of 1984,

Also \$7.2bn in new deals are now awaiting signing, which makes a grand total of \$52.3hn for all deals aunched since 1978.

Bankers warn that these raw fig-ures alone are somewhat misleading - only about \$10bn in actual drawings have so far been made on Grand Metropolitan, though neith-Europote facilities and many sim- er had awarded a mandate by the ply represent a consolidation of ex-isting credit lines by borrowers. But may additionally be attracted by many say that this year's activity the very fine average price of 6% beappears to have established the Eusis points below Libid obtained by ronote concept as a permanent part ICI on the first drawing under its of the international financial scene. \$400m facility last week. But one

In volume terms, BankAmerica factor prompting a degree of rewas the largest arranger of facili- serve among second-tier companies ties in the first half with a total of is that commitment fees on note fa-\$3.66bn. It was followed by Credit cilities have risen since the Bank of Suisse First Boston with \$3.24bn. England ruled in April that banks Merrill Lynch (\$2.86bn) and Citicorp (\$2.13bn), but a more relevant their underwriting commitments. statistic may be that showing how For some borrowers this has eroded U.S. and Australian corporate bor- the cost advantage of a note issue rowers dominated the scene in the over a traditional standby line. first half of the year.

U.S. borrowers signed facilities er Corporation has now invited worth \$7,45bn, which accounted for banks to submit bids on a \$180m. about 40 per cent of the total marlike to pay a margin of only 1/2 per ket, while Australian issuers arranged facilities worth \$3.3bn. Also cent over Eurocurrency rates. This high on the list were UK borrowers proposed margin has provoked Even so a number of borrowers with \$1.85bn and Swedish borrowmuch negative comment in the could be tempted to launch issues ers with \$1.43bn.

much the British borrowers' turn ties or credits were announced by a number of corporate names including any new deal.

Bankers say that a broad range

ning to follow the lead of their U.S.

counterparts and putting their toe

in the water for these new style fa-

cilities, which allow them to refi-nance existing standby lines at low-

Future borrowers are expected to

include Trusthouse Forte and

should provide capital backing for

Elsewhere, Greece's Public Pow-

eight-year credit for which it would

market. Many bankers believe that

New York surge puts traders in a spin

INTERNATIONAL BONDS

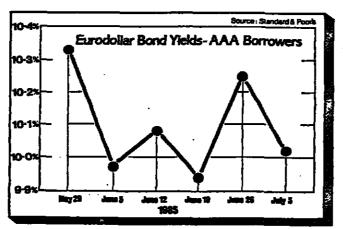
ANY EUROBOND trader who thought Friday was a good day to go to Wimbledon was badly wrong-footed. First a thunderstorm sent spectators running for cover; then their colleagues back at the office had to scurry to cover any short po-sitions when the New York market unexpectedly surged by more than

on Thursday should have guaranteed a quiet end to the week. But with bond dealers in New York - at least those that had returned to work - pushing the market strongly ahead, the Eurobond market sud-denly came to life again. Both the primary and secondary market was well up on Friday afternoon - although as usual the rise was much more sober than in the U.S.

As a result some of the new issues that had been served up earlier in the week and looked as if they were out of court, swerved to trade inside their fee discounts. Those issues which had been trading inside Deutsche Bank's two deals - were looking like winners by the week-

Altogether the market is looking much more comfortable than it did two weeks ago. Even before Friday's run, yields had come down significantly, but today should see a lot more action if the New York rise is sustained. Paper already issued still looked cheap against U.S. Trea-sury yields at Friday's close. The only drawback is that when Europe lags a New York rise it makes arranging swaps for new deals tough. Even so a number of borrowers this week.

Greece is now over-borrowed, at The downward trend in interest least relative to lending imits of rates helped floating rate notes to



deals - including last week's two for years' call protection, sometimes Bergen Bank and Bank of Yokoha- the full life of the issue. Most con-Bergen Bank and Bank of Yokoha-

SHF B	ank bend a	werage
July 5 103,663 fligh 103,663	1985	Previous 103.523 Low 99.840

gross commissions. To certain types of investor, particularly the large Japanese banks, they are now looking distinctly cheap.

A bank with a huge floater portfolio can usually find room for a small commitment to unusual deals such as these floaters, where a maximum interest rate is fixed. With the top rates set in the 12% per cent to 13 per cent area and interest rates falling, the maximum coupons look far off and some investors are prepared to forget them because of the floaters' other attractions.

First these floaters generally offer a better margin over the referagain. As already reported, facilities or credits were announced by a
considerable element of % per cent
number of corporate names includin any new deal.

firm on Friday, too, and even the
ence rate than conventional unissues only a few weeks ago, has
capped issues. And, unusually for
blossomed into a market where
floaters, many offer a number of more and more banks are trading.

ventional floaters are callable after a vear or two and, as investors are discovering, many borrowers are now repaying floaters issued when were higher. Denmark taught the lesson again last week, calling its perpetual floater, issued only a year ago, because it has borrowed more cheaply since.

If these capped floaters do pick up further, no doubt many more borrowers will launch deals, attracted by the gains to be made by selling the caps on to the hordes of willing buyers who want to protect themselves against interest rate ives against interest rate

Excitement in the U.S. dollar sector has been matched by action in the Australian dollar market. A strong rise in the domestic market, high coupons and a general confidence in the currency has made for continued interest from the European retail buyers. The sector. which consisted of a couple of dozen

EUROMARKET TURNOVER 231.8 1.0 3,689.4 249.0 341.2 216.3 U.S.\$ 2,384.4 231.5 3,888.4 134.5 Prev 2,938.9 1.0 249.0 23.5 Cher 1,189.1 ... 341.2 44.5 Prev 652.3 18.6 216.3 4.0 Secondary Mentast U.S.\$ 22,587.0 842.5 14,754.1 1,757.9 Prev 18,174.9 518.1 12,083.3 3,279.6 Cher 4,119.7 72.2 310.9 1,589.0 Prev 3,576.0 59.4 457.5 1,412.6 point last week.

14,023.4 10,784.6 4,378.4 3,207.5 32,340.5 25,899.6 3,269.8 3,019.3

However, there is the danger that too many deals might come at once, and on too fine terms, for the dis-tribution channels to be able to keep the paper moving through to

There were some signs of that happening last week when the South Australian Government Financing Authority asked for finer erms on an issue than ANZ Banking had achieved. Hambros Bank was the unlucky winner of the mandate and even though fees in this sector are higher than for U.S. dollar Eurobond new issues, this one rapidly fell to a level outside the 2

Friday afternoon saw a A\$40m deal from Swiss Bank Corporation (Australia) which, like its U.S. dollar issue earlier in the week, does not have the usual syndicate structure. SBCI is the sole lead manager, there are no co-managers and only a group of underwriters.

The market for European currency unit bond issues has recovered from its dizzy spell to give a warm alcome to three issues this week. Walt Disney's deal was undoubtedly

best of the crop, trading above its issue price, but those for Scandinav-ian Airlines System and Crédit Commercial de France were close behind. In the secondary market prices were up by as much as a

The D-Mark bond market is also more cheerful, with prices last week up by % point to % of a point Equity warrant issues especially those for Japanese borrowers, but also for German companies, were showing strong rises as both equity markets moved ahead.

However, the Export Development Corporation dual-curency is sue – the first in the D-Mark Eurobond market - has not met much

Due for launch today is the first

yen dual currency issue, a Y15bn deal for Farm Credit Corporation of Canada, This will have a coupon paid in yen of 8% per cent, while repayment will be made in U.S. dol-lars at an exchange rate fixed at current levels, to give a redemption amount of around U.S.\$60m. The deal is led by Goldman Sachs with Nomura International running the books, and some other co-leads may join the group. It is to be linked to a swap which will give the borrower Canadian dollars.

The Swiss franc foreign bond market has lagged behind other sectors with prices barely up last week. New issues have generally met a good response, with UK companies seeming popular.

Sumitomo Bank's success in the Eurodollar convertible market where its issue is trading around 107% - looks like being followed in the Swiss franc market. The indicated yield of 1% per cent on the bank on Friday, marking the 10th deal is low by Swiss standards. Investors who find it difficult to buy

No reason has been given for the the shares in the Tokyo market are able to increase their exposure this

Turner attacks **CBS** share buy-back

MR TED TURNER, the Atlanta broadcasting entrepreneur who is broadcasting entrepreneur who is trying to take over CBS, the biggest television network in the U.S., has attacked CBS plans to buy back more than a fifth of its shares.

Mr Turner's Turner Broadcastin System (TBS) is seeking the help of the U.S. Federal Communications Commission (FCC) to block CBS defensive strategy. TBS is asking the FCC to declare

CRS move in violation of the communications Act and to accelerate TBS' pending application to ensure CBS shareholders have an opportunity to consider the offer, which is valued at \$514bn.

Mr Turner says CBS' recapitalisation plan attempts to emulate TBS' offer by proposing to sell some CBS assets, reduce corporate overhead and increase the return to shareholders. However, he says that "CBS" offer takes away far more than it gives shareholders. The poison pill provisions take away the shareholders' control over future CBS decisions." TBS is vigorously challenging the legality of these CBS moves as a transfer of control requiring prior FCC approv-

Argentine bank forced to close

BANCO JUNCAL, a small Argentine bank with 18 branches and approximately \$5m in assets, was ordered to be closed by the central

No reason has been given for the closure, but Banco Juncal officials said the central bank objected to its high proportion of fixed assets.

All of these Securities have been sold. This announcement appears as a matter of record only.

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Investors pin hopes on an easing of monetary policy by the Fed

IS THE Federal Reserve about to ease its monetary stance and cut its discount rate in order to revive the U.S. economy?

The question is in the minds of most U.S. bond traders as they return to work after last week's July 4 celebrations. By week's July 4 celebrations. By Friday, prices in the U.S. credit markets were once again being buoyed by hopes of an early cut in the discount rate.

Long-term government bond prices jumped by a point and a half on Friday following the relesease of surprisingly unemployment figures for June.
The dollar fell in the world's foreign exchange markets as speculation mounted that another cut in U.S. interest rates was just around the

U.S. MONEY MARKET RATES (%) Last 1 week 4 wks Friday ago ago U.S. BOND PRICES AND YIELDS (%) 1023 1027 109 N/A N/A N/A + 15

indicator of the U.S. money supply is now almost totally out of control. When the Fed releases its monthly M2 and

credit further. Concern about the growth in the monetary corner.

By late Friday bond prices, which earlier in the day had looked as though they might hit new peaks, were giving up some of their gains following the release of the weekly U.S. money supply figures showing that M1 rose by a surprisingly large \$2.6bn.

Supply is now almost totally out of control. When the Fed aggregates is less immediate. The Reagan administration already seems to have accepted that it will not be able to meet its 3.9 per cent target for growth in gross national product this year. After its 0.3 per cent this year. hit new peaks, were giving up some of their gains following the release of the weekly U.S. money supply figures showing that M1 rose by a surprisingly large \$2.6bn.

It is now around \$12bn above the Fed's target range, and several analysts argue that this simple of the processors and the processors argue that this several analysts argue that this several of the signs of beging the percent target for way not aggressive accommodation in favour of a more growth in gross national product this year. After its 0.3 per cent target for way not aggressive accommodation in favour of a more this year. After its 0.3 per cent growth in the first quarter and 3.1 per cent growth in the first quarter and 3.1 per cent and 3.1 per cent agreet that it the economy would have to pressure." In common with several observers of last week's

tions have been more than usually difficult to read over the last few days. The Fed funds rate has been firm and traded above 8 per cent for much of the time. The firmness of Fed funds may be partly explained however by technical factors But judging by its own money market operations, the Fed does not seem to have been particularly anxious to bring short-term rates down. Aubrey G. Lanston says in its latest weekly market letter that over the past week the Fed appears to have tilted its policy stance away from aggressive accommo dation in favour of a more

of the credit markets indicates that most investors think the bank reserve needs aggressively fed will be forced to ease its monetary grip at some stage. Monday and Wednesday of last the performance of rates at week, when the authorities took no action despite a very is puzzling.

The Fed's open market operations in the new bank settlement period. Its few days. The Fed funds Against this background, Against this backg

being exceedingly cautious Fed could postpone that action about committing themselves for a week or so, pending ahead of this week's meeting of the Federal Open Market Committee (FOMC), scheduled to expected summer slowdown in start tomorrow.

start tomorrow.

However, Salomon Brothers' In choosing the timing for a just around the Mr Henry Kaufman believes discount rate cut, the Fed will It believes

U.S. DOLLAR STRAIGHTS

while the recent behaviour of the credit markets indicates that most investors think the Fed will be forced to ease its monetary grip at some stage. Monday and Wednesday of last the performance of rates at wash when the authorities that the FOMC will probably that the FOMC will probably that the FOMC will probably to adopt a "more accommodative posture" following the news of the "very slow employment growth in June strength of the economy and substantial downward salomon Brothers argues that the performance of rates at wash when the authorities that the FOMC will probably the keeping an eye on several accommodative posture" following the news of the "very slow employment growth in June strength of the economy and and a substantial downward salomon Brothers argues that

Against this background, would be to cut the discount most analysts who were still at their desks last Friday were hir Kaufman arms the to the transfer of the Mr Kaufman argues that the Fed could postpone that action expected summer slowdown in M1 growth.

just around the corner."

It believes that the Fed

approach and would prefer to get a better fix on the extent to which third-quarter econo-mic activity is responding to earlier Fed easing actions before considering further eas-

ing steps. As the credit markets wait the House Banking Committee on July 17.

However, not all of Wall Street's Fed watchers are as convinced as Mr Kaufman about the Fed's intentions. Aubrey Lanston says that despite the latest sluggish economic figures, "it would be premature to conclude that another Federal Reserve easing move is just around the corner."

As the credit markets wait to see what happens in the aftermath of this week's FOMC meeting the only conclusion which can be offered with any degree of certainty is that if there is no signs of apparent casing in Fed policy there will be considerable disappointment amongst investors who have chased bond prices up to levels which already discount a cut in the bank rate,

William Hall

UK GILTS

Gains tax move catches brokers unawares

INDEX-LINKED stocks finally got the boost last week that many had been predicting, although none had forecast the

impending changes to the Finance Bill to discourage the establishment of tax losses in the gilt-edged market had been circulating for weeks. But the abolition, rather than amendment of capital gains tax on gilt-edged and corporate bonds, caught the market unawares. After the initial confusion, when the entire market moved higher, the improvement in the rela-tive tax position of index-linked and conventional low-coupon stocks brought the expected shift in their relative values.

Brokers were divided on what the change would mean for the liquidity of the market. Clearly, the insurance funds, at which the abolition move was aimed, will find gilt-edged stocks less attractive.

Against that, trading funds, which will no longer have to wait for a year and a day to avoid capital gains law, may find the market a more attractive proposition.

The general view leaned towards less, rather than more liquidity, although the picture is clouded by the fact that the new rules do not come into effect until July 1986. This suggests there may be further relative price moves to come.

Mr Brian Draper of James Capel, for example, believes there may be scope for another half point adjustment between high and medium coupon stocks. The boost provided by last week's announcement aside, the index-linked sector of the market is still languishing close to its lows of the year, despite the valiant efforts of some brokers to revive interest among

fund managers. Worries about higher retail price inflation — albeit considered temporary — over the longer-term implications of rising pay awards, and the increasing focus on the next General Election, should add up to a recipe for buoyant demand for

index-linked stocks.
As an analysis by one broker indicates, a high-rate taxpayer has to assume that inflation will

over an index-linked issue of has never been greater than a the same maturity. Even for non-tax paying funds and longer maturities, the inflation rates implied by the relative values of index-linked tional

There are a number of plausible explanations for the conventional market's better performance. Some investors may still be discouraged by the intends it sharp fall in index-linked issues after the Government's Budget retreat from pension fund taxa-tion. And while foreign buying has underpinned conventional stocks, overseas investors have

still to come to grips with the index-linked sector. Many believe, however, that there has been a more funda-mental drag on the performance of index-linked stocks — the propensity of the Government Broker to fund in the sector at every possible opportunity. So far this year £2bn nominal of index-linked stock has been

issued, boosting the size of the indicates, a high-rate taxpayer sector by around 30 per cent. has to assume that inflation will More important, the gap be below 4 per cent to prefer a short-dated conventional stock and the issue of another

week, and frequently less than The result is that, unlike relative values of index-linked and conventional stocks are remarkably low. many sectors of the conven flattened with a new batch of

It should be said that because the index-linked sector anyway tends to move in fits and starts it is difficult for the authorities to judge just when a rally may run out of steam.

And the funding policy of the past few months has focused on filling in maturity gaps with small tranches of stock to encourage switching, rather than on large issues in any

particular range.
The Bank of England has also indicated its willingness to make a two-way market in index-linked stock. But many believe that the touch has not been light enough and that a more sensitive approach is needed to lure investors into

Philip Stephens

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR Chg. on STRAIGHTS Issued Price week Yield AHFC O/S Fin 11% 94 100 106% +0% 10.59 AIDC 11 89	Queensland Gvt 111, 89 100 1041; +04, 10.03 RBC 124 90	Fultroward 3 99
Amer Savings 12 89 125 103% +0% 10.81 Amer Savings 12 83 100 104 +1% 10.80 Asian Dev Bk 11% 93 100 108% +0% 10.58 Australia 11% 90 100 105% +0% 9.84 Australia 11% 95 300 107% +0% 10.31	Scalatchewan 10% 90 125 102% +0% 9.96 Spakatchewan 11% 89 700 106% +0% 9.89 Saskatchewan 15 92 190 118% -0% 11.06 Saskatchewan 16 89 125 116% 0 10.23 Scot Int Fin 14% 96 50 111 -4% 12.25	Murata Mity 32, 00 190. 80% -2% 5.10 Nippan 01 34, 29 50 555 +31, 2, 3,5 Ono Pharm 34, 28 60 32 -74 -5.18 See Gen Surv 42, 24 51 106% 0 137.84 Sumitomo Corp 27, 29 70 122% +33 -0.04
Australia 113, 58	Sears O/S fin 0 98 500 24½ -0¾ 11.28 Sears Roctuck 10¾ 31 150 101 -0% 10.26 Sears Rectuck 11¾ 91 150 106¼ +0½ 10.10 Sec Pacific 12 92	Texaco Capital 11% 84 1bn 104% -0% 41.25 Texaco Capital 11% 94 500 106% -0% 42.25 Taugami Corp 34, 90 20 76 -2 -68.96 Yamalch! Sec 34, 95 20 150 +7% -5.10
Bank of Tokyo 13% 91 100 113% +0% 10.50 Bank of Tokyo 13% 88 100 111% +0% 10.34 Gergen Bank 11% 90 75 101% +0% 11.05 BP Capital 11% 92 150 102% +0% 10.55	Shot! 'Canada') 14\hat{h} 92 12\hat{h} 12\hat{h} +0\hat{h} 11.56 Signal Compa 11\hat{h} 92 12\hat{h} 10\hat{h} +0\hat{h} 10.97 Standard Oil 10\hat{h} 8\hat{h} 150 10\hat{h} +0\hat{h} 10.10 Statioil 12 88	Chg. on Chg. on YEN STRAIGHTS 18suad Price week Yield Asian Dav 8k 7½ 94 15 102 +0½ 7.05 Avon Products 6½ 51 26 98¼ +0½ 7.10 Danmark 8½ 92 20 88¾ +0¾ 6.98
Br Col Hydro 17½ 93 200 10652 +074 18.51 Br Col Hydro 1222 13 200 11712 +052 11.47 Br Col Hydro 1222 13 250 11712 +1 11.46 Britoil Fin 172 50 125 1045 +1 10.59 Caisse Nat En 112, 55 125 1045 +072 10.67	Sumitomo Fin 11½ 92 160 105 +0½ 10.64 Sumitomo Fin 12½ 91 160 106½ +0% 10.61 Sumitomo Trust 12½ 92 100 106 0 11.14 Sweden 11½ 38 200 104½ +0% 10.08	Dow Chemicals 7 84 50 100½ +0½ 5.88 Eurofima 7½ 94 10 102 +0½ 7.05 Eurofima 8½ 92 10 98⅓ +0⅓ 6.96 ENMA 8% 92 50 99⅓ +0⅙ 6.96
Canada 10% 88	Sweden 12% 89	Intel 63, 92 13 974 0 7.13 1ADB 73 94 15 103% +0% 7.02 1ADS 73 94 15 104% 0 7.11 1TT 63, 92 15 104% 0 7.18
Chesebrough 12 83 100 102 ¹ , -0 ¹ , 11.45 Chrysler Fin 13 ¹ , 94 150 107 ² , 0 11.87 Chicorp O/S 10 ¹ , 90 100 107 ¹ , +0 ² , 8.92 Chicorp O/S 11 ¹ , 90 100 104 ¹ , +0 ¹ , 10.53 Chicorp 11 ² , 92 100 104 ² , +0 ¹ , 10.70	Taiyo Kobe 12 90 100 105% +0% 10.62 Tenneco Intil 11% 89 150 105% +0% 10.22 Texaco Capital 10% 90 200 100% +0% 10.44 Toxaco Capital 10% 83 200 100% +0% 10.32	McDonald Corp 81- 52 25 994 +0-5 6.65 New Zestand 71- 90 15 102 +014 8.86 Naw Zestand 71- 89 15 1027 -04 8.80 Pacific Gas 5 El 7 9420 1004 +0-5 8.94 Penney J C 67- 92 28 984 +0-7 7.01
Citicorp 11% 92	Texas Instru 117, 91 150 1032 +04, 10.92 Tokai Asie 124, 91 100 1054 -04, 10.76 Takyo Electric 62, 39 70 92 0 9.12 Tokyo Electroc 134, 89 100 1105 +04, 10.09	Proctor 6° 92
Coca-Cola 113, 88 100 105'4 +0'6 9,45 Comp Bancaire 13'8 90 75 111'4 +1 10.73 Comset 12'4 91 100 104'4 -0'4 11.22 Creditetelt 13'8 91 100 108'4 +0'4 11.00	Toray Inds 111, 92 50 1004, +21, 11.07 Toronto-Dom 123, 89 50 106 +04, 10.80 UBS 121, 91 100 1044, 0 11.21 Utd Tech 111, 92 150 1035, +03, 10.63 Vebs 8 99 70 130 +4 3.72	World Bank 7 94 20 101½ +0½ 8.82 World Bank 75 93 20 102½ +0½ 8.91 World Bank 8 93 20 108½ +0¼ 6.89 Chg. on LUXER STRAIGHTS Issued Price week Yield
Daiichi Kangyo 12% 90 100 108% + 0% 10.58	West LB 117, 90 100 104% +0% 10,67 Westpac 125, 92 100 106 0 11,25 Weyeshauser 115, 90 60 1015, 0 11,01 World Bank 11 92 320 1027, +07, 10,35	ASEA 91, 89
Denmark 13 ¹ / ₈ 81 100 111 ² / ₈ +0 ² / ₈ 10.98 Denmark 13 ² / ₈ 88 100 110 +0 ¹ / ₈ 9.95 Denmark 14 91 100 110 ² / ₈ +0 ² / ₈ 11.54 Digital Euip 11 ² / ₈ 89 150 105 +0 ² / ₈ 10.02	World Bank 111, 90 200 1064, +01, 10,11 World Bank 111, 83 200 1064, +04, 9,78 World Bank 12, 93 200 1083, +03, 10,37 World Bank 124, 94 150 110 +03, 10,50 World Bank 127, 94 200 1125, +01, 10,64	World Bank 104 89 1bn 105' 0 8.43 GUILDER STRAIGHTS lasued Price week Yield ABN 8 89
Eksportfinans 11½ 92 100 103½ +0½ 10.53 Eksportfinans 11½ 90 100 103½ +0½ 10.38 Elec de France 11½ 93 100 103½ +1 10.50 Elec de France 12½ 87 150 106½ +0½ 9.42	Yasuda Trust 12% 89 100 106% +0% 10.29 FLOATING RATE Chg. on NOTES Issued Price week C.cpn African Dev Sk % 96 100 100% +0% 8%	Amro Bk 74 89
EEC 11 87	Arab Bank Cpn 1, 96 100 100 — 01, 105, Banca Lavara 1, 91 100 1001, 0 91, Banca Ci Roma 1, 91 150 971, — 21, 71, 6 Bank di Roma 1, 92 CU 75 991, 0 105,	C C Rabo 8 89
Euro Iny Bk 11½ 90 200 105% +0% 10.13 Euro Iny Bk 11½ 91 73 107 +1½ 11.33 Euro Iny Bk 12½ 90 100 103% +0% 10.06 EDC 9% 88	Bank Montreel 1, 94 £ 100 1001, +01, 1221, Bank Montreel 1, 94 £ 100 1001, +01, 1221, Bqe Nat Paris 1, 88 400 1011, +01, 1011, Bqe Nat Paris 1, 88 400 1011, +01, 1011, Bqe Nat Paris 1, 89 250 1001, 0 821,	STRAIGHTS (saved Price week Yield Amex 12's 91
EDC 10 88	Bqe Nat Paris 1, 96 250 1001, 0 51, Barcleya 0/5 1, 600 1001, -01, 61, 881, 1, 95	Bge l'indoeuez 14 91 75 1081 + 01 12.03 Br Col Munie 131 91 100 1055 + 01 10.97 Br Col Munie 131 91 100 1051 + 01 11.49 Br Col Tels 121 83 70 1052 + 01 11.49 Denmark 118 91 100 1022 + 01 11.03
Fad Dept Store 11 50 100 1025, +0% 10.22 Finland 11½ 88 100 1045, +0% 9.37 Finland 12% 94 75 109½ +0% 10.58 Finnish Export 12% 87 75 106% +0% 9.50 Firstfad Mich 13% 89 125 107% +1½ 10.92	BFCE ½ 87	Farm Cred Corp 12% 80 75 106% -1% 10.57 Kredistbank 12 92 75 102 +0% 11.51 Long Term Cred 11% 90 75 103% +0% 10.65 Montreat City 12% 91 50 106% +0% 10.65 New Brunswick 12 95 75 103% +0% 11.40
Florida Fed 12's 89 100 104 +0's 11.02 FNMA 11's 91 300 103's +0's 10.71 Gen Elec Cred 98 91 100 95's +0's 9.91	CEPME 1, 96 £ 100 1001, +01, 1211, Chese Manhattan 1, 09 400 991, D 711, Chemical NY 1, 99 300 1021, +01, 72, Citicorp O/S 1, 81 £ 100 594, 6 121,	Nov Scotts 11% 95 100 1014 +0% 11.34 Quebec Hydro 14 91 75 163% 0 11.62 Chg. on FCII STRAIGHTS Issued Price week Yield
Gen Elec Cred 10% 90 200 101 +0% 10.22 Gan Elec Cred 11% 200 103% +0% 10.21 Gan Elec Cred 11% 87 200 104 +0% 10.92 Gan Elec Cred 12 94 200 105% +0% 11.05 Gen Foods Cap 11% 90 75 104% +0% 10.18	Citicorp Pen Pan 3, 97 250 100 0 85 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	ABN 93-92 100 103 +04 8.86 Australia & N.Z. 104 91 50 104 +04 9.64 Australia 104 93 100 107 +04 9.11 BFCE 94-92 107 107 108 +11 9.08 Crad Netional 107 94 50 1064 +072 9.33
General Mills 12 91 100 1042 + 04 10.96 GMAC 10 88 200 1004 + 04 9.57 Gen Motors Acc 104 90 220 1014 + 04 10.00 Gen Motors Ac 114 90 100 1044 + 04 10.29	Credit Lyonnais 1, 96 300 1001 +012 813 Credit Lyonnais 1, 93 250 1505 0 81 Credit National 1, 95 € 100 1001 +013 121, Dalichi Kanaya 1, 95 € 100 1001 +013 121, Dalichi Kanaya 1, 95 150 1600 1001 1001 1001	Cred National 11 ² , 91 50 110 ² , +0 ¹ 2 8.93 Denmark 10 ² , 81 75 106 +0 ² s 9.31 Ebco Intl 10 ² , 89 55 104 ² +0 ² s 9.31 EEC 10 ² , 91 60 105 ² 0 9.20
Gen Motors Ac 13 56 200 104\(^1\) +04 8.46 GTE Floance 12 96 75 101\(^1\) 0 11.75 Gulf 0il 104, 94 100 100\(^1\) + 04 10.10 Gulf 0il 124, 87 100 101\(^1\) -04 11.45	Denmark 1, 90 200 991, 0 91, 1 1001	EEC 114 91 50 1064 0 9.78 EEC 114 93 70 108 +112 9.08 Euro Cosl & Steel 6 94 60 1144 +04 9.38 Euro Invest 8k 94 95 200 102 +04 8.92
GZE 14 91	Elec de France 1, 95 300 100 -01, 81, 100 Elec de France 1, 99 400 1001, 0 10 ENEL 1, 93 £ 100 1001, +01, 122, Exterior intil 1, 96 125 991, +01, 72	Euro Invest Bk 10 ¹ , 94 100 106 ¹ , +1 ¹ , 8.96 Euro Invest Bk 10 ² , 83 50 107 +0 ² , 8.21 Euro Invest Bk 10 ³ , 84 100 107 ² , +0 ³ , 9.35 Euro Invest Bk 11 ³ , 92 75 108 ³ , +3 ³ , 9.28 Euro Invest Bk 11 ³ , 93 50 109 ³ , +3 ³ , 9.39
IBM Credit 11 89 100 104 + 01 9.77 IBM Credit 13 87 100 1029 - 01 13.23 IBM 121 92 200 108 + 01 10.59 Ind Bk Japan 102 92 100 1049 + 01 9.73	First Finance 1, 94 100 995, -01, 97, First Chicago 1, 97 150 991, -01, 81, First Chicago 1, 97 150 991, -01, 81, Ford Motor Cr 1, 91 200 1002, +01, 91, 1	Euro Invest Bk 111, 98 SO 111 +07 9.53 Gen Finance 11 90 70 106 +11, 9.47 Giro Vienne 107, 93 60 1064 0 9.33 GTF Finance 107, 92 So 1064 +08 9.19
Ind Bk Japan 10 ² , 95 100 105 +0 ¹ , 10.02 Ind Bk Japan 11 ¹ , 89 725 104 ¹ , +0 ¹ , 10.01 Ind Bk Japan 11 ¹ , 91 100 107 ¹ , -0 ¹ , 10.18 Ind Bk Japan 13 ² , 91 125 114 ² , +0 ² , 10.54 Int-Amer Dev 12 ² , 91 150 106 ² , +0 ² , 10.56	Grindlays 1, 94 100 1001, 0 87, 181 14, 00 150 1001, 0 87, 181 14, 00 150 1001, 0 801, 181 145 177, 0 801, 181 181 181 181 181 181 181 181 181 1	Ireland 101, 85 50 1031, +01, 8.51 Italian Govt 101, 92 600 1051, +11, 9.48 Italian Trass 111, 90 80 1081, +31, 9.30 Kredietbank L 91, 82 75 991, +01, 9.41 Megal Finance 111, 84 100 1061, +01, 10.05
Int-Amer Dev 11% 94 200 105% +1 10.81 Int Paper 12 91 75 104% +0% 10.81 Int Stand Elec 0 97 112 25% +0% 12.17 Int Stand Elec 12 98 75 102% +1% 11.40 ITT 11% 289	Ireland 1 95 £ 300 1001 0 91, 125, 1191and 1 97 300 1001 0 1014	Nippon Cred Bk 11 91 50 1057 +0-3 8.54 Nordic Inv 6 94 50 1123 +0-3 8.53 Post Och Kred 107 92 50 1042 +0-3 10.01 Royal Bk Cen 107 89 85 106 +0-3 8.53 SNCI 107 94 60 108 +0-3 9.48
ITT 12½ 84	Korea Erch Bk 1, 94 £ 100 981, 0 1211, 1100 100 + 01, 1211, 1100 100 + 01, 1100 100 + 01, 1100 100 + 01, 1100 100 + 01, 1100 100 + 01, 1100 100 100 100 100 100 100 100 10	Swediah Export 11 89 58 1034 +074 9.91 Wes: LB 1074 91 50 1064 +02 9.24 World Bank 1074 88 100 10674 +08 8.43 AUSTRALIAN DOLLAR Chg. on
Kimberlay-Clark 12 94 100 107% + 0% 10.65 Kyowa Fin HK 12% 80 100 107% - 0% 10.72 Long Term Cred 10% 90 100 102% +1 70.10 Long Term Cred 11 90 100 102% +0% 10.17	Malaysis & 199	STRAIGHTS Issued Prics week Yield Not Aust Bk 12 89 40 97% 0 13.25 PIRA 12 89 50 994 +0% 12.59 State Bk NSW 124 89 40 100% -0% 11.90 STERLING Chg. on
Long Term Cred 11 ¹ , 89 100 105 +0 ¹ , 10.17 Long Term Cred 12 90 75 106 ⁵ , +0 ¹ , 10.48 Long Term Cred 12 93 100 107 ¹ , +0 ¹ , 10.65 Macy R H 11 ¹ , 91 100 104 ³ , +0 ¹ , 10.56 Macy R H 11 ³ , 95 100 104 ³ , +0 ³ , 10.96	Mellon Bank 1, 96 250 1001 0 8 Middland Inti 1, 99 200 1001 0 107, Mitaul Fin 1, 95 100 1001 0 101, Margan Granfell 1, 94 50 100 +01, 9	STRAIGHTS Issued Price week Yield BAT Inmi 109, 81 100 100 0 10,72 Denmark 10% 89 75 887 +04 11,27 EEC 11% 94 50 102 +0% 10.58 Europark 11% 92 50 1014 +0% 10.97
Merubani 11½ 91 100 100 +1½ 11.34 McDonaids Fin 11½ 94 75 1033 +64 10.90 Merrill Lynch 12½ 94 100 1043 +64 11.72 Minaba 64 89 100 117 0 1.42 Mitaubishi 54 88 100 95 0 7.48	Nat Bank Carrada 1, 91 50 100 0 91, Natl Bank Datr 1, 25 100 881, 0 81, Nat West Fin 1, 26 500 1002, 0 91, Neste Oy 1, 54 100 1601, 0 10	Euro Invest Bk 10½ 92 75 95% +0% 10.78 Finland 11% 88
Mitsublishi Cp 101-92 100 987, -01-10.72 Mitsublishi Cp 101-95 200 999, +01-70.73 Mitsublishi Cp 121-91 100 1101-7-01-10.02 Mitsul Eng 77-88 50 101 0 5.89 Mitsul Fin 121-92 100 1001, -01-12.64	New Zasland 1, 87 350 1001- 0 91, NZ Steel Corp 1, 92 300 1001- 01, 91, 92, Oster Ln Bank 1, 99 100 1002+ 01, 92, Oster Ln Bank 1, 99 100 1002+ 01, 91, 91, 91, 91, 91, 91, 91, 91, 91, 9	Inv in indust 11½ 91 50 102½ 0 10.85 inviend 11½ 94 50 99½ +0½ 11.40 New Zealand 10½ 89 100 98½ +1½ 11.23 SNCF 11½ 94 60 102 +0½ 10.86
Mitsul Tst Fin 12 91 100 105% -0% 10.70 Mobil Corp 10% 90 200 701% +0% 9.84 Montreal City 12% 91 70 107% +0% 10.68 Mgn Gusranty 12% 89 150 106% +0% 10.68	Oueset Hydro 4, 34 200 10014 +7 9136 Ouestand Coel 1,96 355 10014 +014 9 9 1 Fants 14 91	World Bank 10 89 50 1001, +01, 10.51 World Bank 11 84 50 1004, +04, 10.67 EQUITY Explry Chg. on WARRANTS data Price week Prem.
Mount lise Fin 134 87 100 1067 +04 9.84 Ned Gasunie 114 90 75 1047 +04 9.99 Ned Gasunie 114 91 75 1032 +04 10.38 N Eng Lf Mfg 114 95 149 1057 +14 10.71	Second 1 34	Commerzbank DM 31/5/88 59 9 3.00 Ciba-Geigy Int £ 1/11/32 329 +501, 152.50 Cradit Suisse 31/5/88 341, +21, ~0.39 Deutsche Bank DM 18/5/81 154 0 ~17.82
Newfoundland 13 91 75 108-3 +0°2 10.94 Nippon Crd Bt 13°2 89 100 111 +0°4 10.53 Nippon Tel Tel 11°2 90 100 108-3 +0°4 9.83 Nippon Tel Tel 13°2 94 150 108-3 0 12.15 Nissho-lwal 5°2 89 70 100 0 6.42	Spein 1, 53	Jusco — 15/6/88 20% 0 —13,71 Jusco — 22/12/88 74 +0% 27,04 Minobso Co — 20/2/89 36 +2 86,60 Mitsublahi Cp — 7/11/88 38 +3 11,43 Mitsublahi Cp — 40/14/89 38 +3 11,43
Nomura 6% 88	Sweden 1, 03	Nomura Sec
Ontario Hydro 11% 94 200 1067, +0% 10.35 Ontario Hydro 11% 90 200 107%, +0% 9.88 Ontario 12% 94 250 111% +0% 10.68 Paciño Gas & El 12 00 75 100%, +2 11.33	Toyo Trist Asia 1, 39 100 100% 0 8 TVO Power 1, 04 100 391, -01, 74 Union Bant Nanu 1, 39 60 977, 0 91, Walls Fargo 1, 96 50 94 -51, 81,	BOND Explry Chg. on Ex-
Penny J C 12% 81 100 108% 0 10.86 Philips Petrol 14 89 200 104% +0% 12.53 Postipanki 11% 90 75 102% +0% 10.49 Post-Och Kred 13% 87 50 106% -0% 10.65	Yorkshire int 1, 34 2 75 99% 0 12% CONVERTIBLE Chg. on BONDS Issued Price weak Pren.	Consection 11% 91 28/11/83 36% +1% 4.00 Commerciak 11% 89 17/7/23 105. +6 ~8.31 Du Point 13% 89 25/8/36 80% +10% *5.27 Eksportinse 13% 83 15/3/87 87% +1% ~6.00 Gon Elec 12% 91 7/3/87 87% +5% ~6.00
Privatbankan 121, 95 100 99 0 12.90 Prudential ins 121, 87 150 1081, +01, 9.39 Pru Rity Secs 0.99 365 271, +01, 11.26 Pru Rity Secs 117, 92 385 1041, +01, 10.87 Pru Rity Secs 121, 95 546 1071, +02, 10.89	Ajinomoto 3 99 120 98 -01 Best Danki 57 97 15 133 -14 -20.59 Canor 7 97 50 1583 +1 0.42 Daiwa Seca 51 93 60 207 +121, 0.72 Dev Sank Sing 51 98 70 75 0 15.03	IBM Credit 13 87
Queboc Prov 12% 94 150 107 +05 10.84 STRAIGHT BONDS: Yield to redemption of the mid	Elders 111, 94	Texaco Cap 12', 92 1/9/87 85', +6 1.99 Xarox 13', 67 15/8/85 63', +7 -13.13

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This announcement appears as a matter of record only. New Issue

June, 1985

PLOATING RATE NOTES: U.S. dollars unless indicated. CONVERTIBLE BONDS: U.S. dollars unless indicated. Prem = percentage premium

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Manufacturers Hanover: A major force in Spain



AUTOPISTAS DEL MARE NOSTRUM, S.A.

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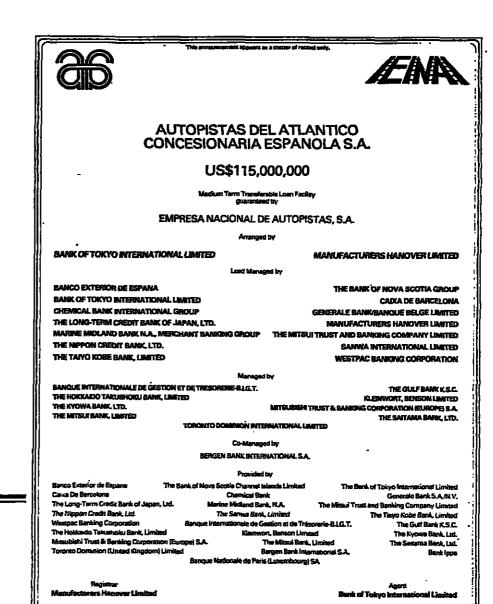
Gulf International Bank B.S.C. The Long Term Credit Bank of Japan, Limited Postipankki

Co-Standers Badische Kommunale Landesbank International S.A. Banco di Roma Bank of Ireland Banque Commerciale pour l'Europe du Nord (Eurobank) Banque Nationale de Paris (Luxembourg) SA Caja de Madrid Cassa di Risparmio delle Provincie Lombarde Continental Bank of Canada L'Européenne de Banque S.A. Crédit Commercial de France Swiss Bank Corporation International Limited. State Bank of New South Wales

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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

CORPORATE FINANCE

NatWest issue innovations could set a trend

"THIS HAS been the most diffi-cult and most complex issue bond market borrowers in the that we have ever done, both from a legal and a structural in large part to a \$1bn per-lawyers, was that English law would govern the subordination—ranking bond-holders after depositors in the event of liqui-

His summation of the bank's His summation of the bank's SwFr 300m bond issue, signed last week, might deter other borrowers from taking the next flight to Zurich. Yet the very not convertible into equity. But flight to Zurich. Yet the very aspects which created the com-

The legal difficulties were caused by NatWest's desire to have the issue counted as sub-ordinated capital, in line with Bank of England guidelines issued last year. The structural complications stemmed from the sank of England guidelines are group's international ous-issued last year. The structural ness. The problem was that a complications stemmed from the accompanying issue of equity naturally be governed by Swiss warrants, believed to be the first by a British bank abroad rules on subordinated capital by a British bank abroad-

NatWest, seeking like other

British banks to build its capital base, has catapulted into fifth

demand British jurisdiction.

The extent to which a coupon can be lowered by a warrant issue depends on how appetis-

BY DAVID MARSH IN PARIS

destined mainly for aeronautic ap-

next three years to extend produc-

rocket motor company which builds

iane satellite launcher and France's

The two companies are setting up a joint venture, Carbone-Industrie, with a capital of FFr 40m (\$4.3m).

This aims to produce about 30

nuclear strike forces.

plications on the export market.

ALSTHOM Atlantique and Société bation comes into operation.

The agreement will involve joint developed by SEP based on compo-

investment of FFr 100m over the sites originally produced for high

tion of the Sepcarb composite materials already produced by SEP, the armed ballistic missiles.

the propulsion systems for the Ar- presently used in the brakes of For-

from a legal and a structural in large part to a \$10n perpoint of view," says Mr Roy petual floating rate note which Haines, treasurer of National counted as primary capital counted as primary capital under the central bank's defini-

NatWest did wish it to count as subordinated capital under aspects which created the coun-plexities are the innovations as subordinated capital under which could suggest similar the new rules, which specify fund-raising techniques to other among other things that there must be no cross-default clauses

> NatWest wanted to borrow Swiss francs—the stated setphrase purpose being to fund the group's international busidemand British jurisdiction.

French engineering groups in

carbon composite joint venture

to produce jointly high-performance carbon composite materials national markets for heavy duty advance turnous is considered in the control of the U.S. in specialised intermediate the control of the U.S. in specialised intermediate during the control of the U.S. in specialise

resistance components of the en-

The carbon composites are also

mula 1 racing cars. The French rail board SNCF is studying possible use of the materials for the brakes

als - used above all in the brakes of day, however, that applications on closed sum the ceramics business of aircraft such as the Airbus and Mithe high speed train would be un-

rage 2000 sold extensively abroad - likely until the third generation of CGE. Thermo-mechanical ceramics

from next year once a new factory the TGV was built well into the are used in vehicle, aerospace and

remaining documentation for the issue would come under

feature of the issue — equity the period for which bond-warrants — is not a novelty for holders can exercise the option the Swiss market, nor indeed for NatWest which issued warrants in the UK as long ago as 1969 in the purchase of Lombard Banking.
The chief benefit to the bor-

rower is that it lowers the interest rate. Swiss bond traders estimate that NatWest

SEP puts Sepcarb production cur-

crease to about FFr 90m by the end

expected to reach 60 tonnes a year.

Alsthom Atlantique, part of the

Compagnie Générale d'Electricité group, builds the TGV and already has links with SEP over turbine

machinery. The deal with SEP is

part of Alsthom's diversification ef-

forts into areas such as robots and

Ceraver, one of the subsidiaries of

new materials.

ing investors find the oppor-tunity offered them to buy shares. Warrants have a fixed exercise price at a premium to dation—and the trust deeds the current share price. The necessary for this, while all the smaller the premium, the more remaining documentation for likely it is that investors will be able to make a killing, and therefore the lower the interest interesting rate needed. Another factor is

to buy shares.
NatWest's interest saving was achieved by setting a 14.1 per cent premium and an exercise period lasting for the first five years of the bond's 10-year life. Interest foregone by investors because of the warrant issue means, however, that the effecwould normally have to pay between 5½ and 6 per cent, compared with the 4½ per cent it is actually paying — reduced from the indicated 4½ per cent already have been cheered by a because of favourable market response.

The actualty a which a course of the response of the price was set on

If all the warrants are exer-

cised. NatWest's equity will be expanded by just over 3 per cent. Though this is a small dilution, it should be seen against the background of the internationalisation of equity markets. Shares in multiingly being traded outside tradiand issued through Eurobond distribution channels.

NatWest's move is a further small step in this direction. The bonds and the warrants will be listed in Switzerland, but the volume of warrant trading will be difficult to judge because there will be only 60,000 of them — each to buy 200 shares.

NatWest plans eventually to list its shares in Switzerland.

The problems of mounting SSM (Section 1).

The problems of mounting SBC (Assirata) ‡ the issue will have been com-pensated by its favourable reception, achieved despite the fact that it was the largest since a SwFr 200m ceiling on bond issues was lifted in May.

Alexander Nicoli

First Pacific in talks with **Sears over Hagemeyer**

BY DAVID DODWELL IN HONG KONG
SEARS ROEBUCK, the U.S. refix discussing with Pacific has a 67.7 per cent stake.

Pacific International Security Pacific In Europeenne de Propulsion, two state-controlled French special engineering groups, have teamed up gineering groups, have teamed up the propulsion of the UK worth FFr 30m, against 6 tonest and Goodyear, Bendix and Good last year. Assuming a 25 per cent rich of the US in propulsion currently at about 15 tonnes a year and Goodyear, Bendix and Good last year. Assuming a 25 per cent Hong Kong-based banking group controlled by the Liem family and associates in Indonfamily and associates in Indon- the 80-year-old Dutch trading esia, the purchase of a minority company has caused the parent holding in Hagemeyer, First embarrassment over certain Pacific's Netherland-based trad-coffee shipments to the U.S. ing subsidiary.

In response to a soate of stock market rumours, First Pacific said yesterday that it was talking with Sears World Trade, a tain Hagemeyer trading oper- \$383,625.

acquired its stake in Hagemeyer only three years ago. Since then, which were the subject of a U.S. customs investigation.

The shipments were eventually released, with Hagemeyer Sears World Trade will acquire a controlling interest in "certain Hagemeyer trading and sears will acquire a controlling interest in "certain Hagemeyer trading acquire extraordinary loss in the international acquire accounts and the international acquirement of the international Since then, control over Hage-

The U.S. group would pay by meyer has been tightened. Turn-buying a minority stake in over last year improved to Fi Hagemeyer through a private 2.86m (\$0.85m) from Fi 2.49m placement. There are 3m and pre-tax profits rose from Hagemeyer shares in issue Fi 10,566 to Fi 18,165.

Japanese banks look to London

that they plan to establish They would then approach the securities companies in London. UK authorities for licences.

The two trust banks-which in Japan act mainly as fund panies in Brussels and Zurich managers—said they had filed and Mitsubishi in Brussels.

MITSUI TRUST & Banking and initial applications with the Mitsubishi Trust & Banking said Japanese Ministry of Finance

U.S. DOLLARS Mitsubishi Bash § Nomera let. Kidder Postody Westl B WestlB Fig. ‡ Cricorp ‡ Serger Benk (b) Ø11 Manil Lynch Sheerson Lynch Yokokuwa (Asia) (c)†‡ Kyowa Bask ‡ World Bank ‡ Korea Exchange Bk (d)†‡ Metropolitan Life Ins. ‡ 9.875 1992 1997 1992 9.760 12,574 13.800 12.441 12.500 1991 1991 D-MARKS SWISS FRANCS 5.488 Ferrorie d'Stats (g)† Clessura Corpe. **5 First City Fig. 1 Canada Cov. Corpe. *' Shin-Kobe El Mach. * 5.348 188 1995 1995 1992 1995 8.752 8.060 LIEXEMBOURG FRANCS 9.250 19.951 7.000 Not yet priced. | Final terms.

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(TGV), the high speed train which gy agreement on new materials links Paris to the south of France. Rhône Poulenc, the state chemicals

A SNCF spokesman said yester- company, has bought for an undis-



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FINANCIAL TIMES SURVEY

Monday July 8 1985

NETHERLANDS BANKING, FINANCE AND INVESTMENT

Dutch bankers are pursuing a prudent path amid the financial world's rapid changes. Whether Holland can avoid a more aggressive environment and still compete internationally, remains to be seen.

Sector faces new pressures

BY LAURA RAUN

ITH CENTURIES of international finance behind them, Dutch Europe. Still, foreign banks bankers are taking much of the current turbulence in world banking in their tage points last year to 33 per world banking in their The commercial bankers grumble, of course, about escalating competition from foreign banks, the proliferation of near-banks and the encroachment of other financial institutions.

Their counterparts in the other sectors retort, however, that the blurring of distinctions between financial institutions merely puts everyone on a more equal footing.

After all is said and done the Dutch banking community seems unlikely to permit any open warfare like that eccompanying deregulation in the U.S. Mr W. E. Scherpenhuysen Rom, chairman of the Nederlandsche Middenstandbank (NMB), and also head of the Dutch Banking Association, observes that "this is not cut-throat competition."

The Dutch, by nature, dislike confrontation and prefer con-promise whenever possible. Thus, bankers here sometimes appear complacent in the face intensive internal reorganisa-of one of the biggest threats—tion of Dutch operations with

they always have faced outside competition because of the historically open nature of the Dutch economy, allowing some of the freest capital flows in

Major international banks such as Chase Manhattan and Credit Lyonnais have taken full control of Dutch banks while others such as Citibank have stepped up activities through their branches. The American banks, in particular, are wooing away prime corporate clients with sophisticated, computerised services such as global cash-management programmes.

Services

Because of their advanced hardware and software as well as worldwide presence, these international banks can offer unparalleled products at affordable prices.

Mr Scherpenhuysen Rom of NMB, the third largest commercial bank in Holland, admits that "the foreigners are trying to perform more functions," thus sharpening competition and pressurising margins for Dutch banks.

Citibank has carried out an

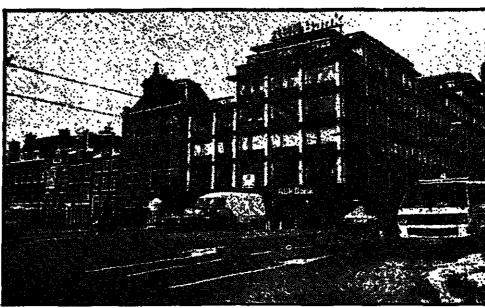
The bankers along Amster- Mr Scherpenhuysen Rom echoes dam's Herengracht explain that the sentiment of his colleagues when he asserts that foreign banks will remain a second or third bank for most companies.

That secondary role, however, could change if price competition heightens. Foreign banks may be able to undercut the Dutch in corporate margins because Dutch banks historically have charged relatively high fees to corporate clients to subsidise private, individual customers. It has been estimated that each private account cost Dutch banks Fl 100 a year or a total of Fl 500m.

Despite this, Dutch bankers hesitate to impose a fee-for-service system on individual service system on individual customers. They fear a margin-damaging battle if banks market competing products with different restrictions in an attempt to cut costs but retain customers. Some kind of tariff system will probably be instituted in the next year or two, but it seems likely that banks will move in unison to avoid the welter of bank accounts seen in the U.S.

A great deal of self-satisfaction surrounds the bank and Giro (postal) clearing system, which is viewed here as far more efficient than the UK and U.S. cheque systems. The speed and security of the Dutch system plus the universality of the Eurocheque programme make it unnecessary to rush into more computerised bank-

ing, the Dutch argue.



Squaring up to the increasing turbulence of the financial world: above, a section of Amsterdam's banking district, showing the ABN bank; and, right, the floor of the Amsterdam Stock Exchange

automation but relatively few video display terminals, line tellers' counters and only a handful of automatic teller machines (ATM) are scattered

On the retail side, financial institutions clearly are moving more slowly into electronic banking than their British or American counterparts, preferring to retain harmony with labour unions. Mr Scherpenhuysen Rom predicts: "The banks will do ATM together and gradually. This is a high investment to be shared by the commercial banks, savings banks and Rabobank (the cooperative) bank."

cards, which are virtually non-existent, on the grounds that the efficient clearing and Euro-cheque systems make them redundant. Memory "chip' cards are equally scarce. Savings associations are in

the vanguard of the limited ATM push, having begun in the early '70s with on-line computhe invasion of foreign banks an eye to carefully tailoring ing, the Dutch argue.

ters linking various member suggesting some uncertainty armed with fapey, high-tech pro- and marketing services and pro- Bankers contend that the banks. In 1977 Rabobank, the swirling about the initiative, ducts for corporate clients. But Netherlands—is—not—lagging in—second—largest—Dutch bank in——In targeting retail customers, ng, the Dutch argue. ters linking various member- suggesting some uncertainty Bankers contend that the banks. In 1977 Rabobank, the swirling about the initiative.

has unveiled the most revolu-tionary programme. Called the "open bank" project, the plan is to refurbish ABN's 700branch network in a living-roomlike atmosphere with computer terminals scattered about. The FI 100m project, which is to begin next year, is amed at en-larging ABN's relatively small share of the retail market.

While it has larger foreign The banks are opposing credit ards, which are virtually nonxistent, on the grounds that he efficient clearing and Eurohe efficient clearing and Euromarket. ABN'S effort to enlarge this share in over-banked Holland caught the banking community by surprise. The new chairman, Mr R. Hazelhoff, and other executives decline to dis-cuss the "open bank" project,

ABN may encounter fresh competition from the planned Postinstall on-line computers and display terminals for better client service.

Taking a cue from Rabobank, Algemene Bank Nederland (ABN), Holland's largest bank, with a strong footbold among thas unveiled the most revolu-

with a strong foothold among private individuals and eventually may be allowed to begin commercial lending.

Activities

The politically controversial Postbank actually will be more of a worry for the commercial banks than for the savings industry, according to the savings banks. That is because the existing Government savings bank already competes directly with the savings associations but may eat into commercial banks' embattled savings activi-

banks have seen their tradi-tional savings deposits eroded in recent years by flat incomes and stiff competition from nearbanks, insurance companies and pension funds. To fight banks, increasingly have turned to short-term deposits, which pay

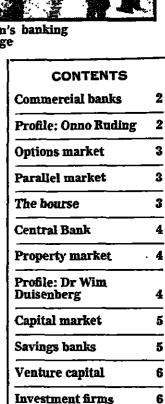
customers better rates but erode margins.

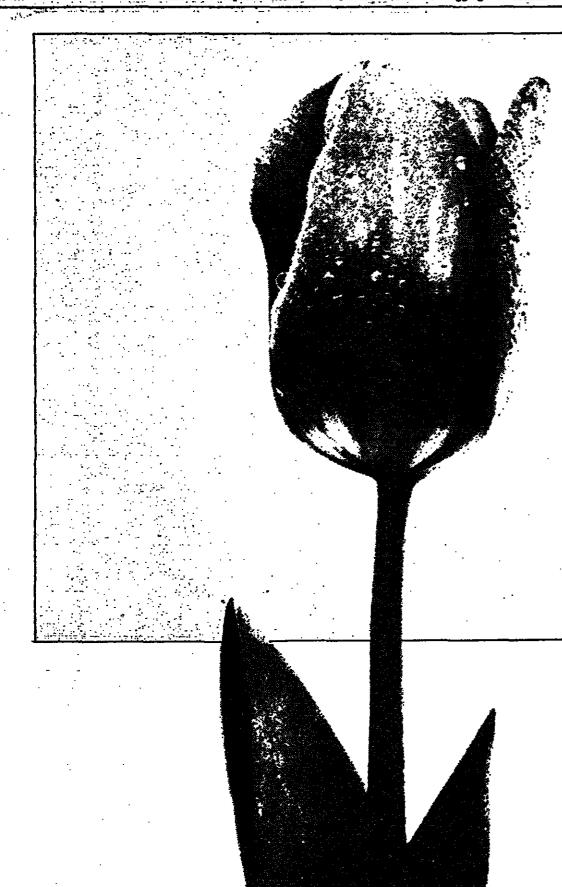
While ABN has targeted retail domestic customers for its new initiative, AMRO is looking in the opposite direc-tion toward corporate and inter-national business. AMRO re-cently completely reorganised its treasury department to put money- and capital-market foreign exchange and securities trading activities under one

The objective is to prepare for what AMRO believes will be a shift toward corporate borrowing through instruments such as commercial paper and away from direct loans.

Dovetailing with AMRO's whole approach is its overseas expansion in recent years. Only two weeks ago AMRO acquired the European Banking Com-pany (EBC), a London merchant bank, from its other six partners in the European Banks' International Company (EBCI). EBC, with its active role in

CONTINUED ON PAGE 6





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Battling to preserve their markets

Commercial Banks LAURA RAUN

DUTCH commercial banks are choosing widely differing strate gies to fight the rising tide of competition. An influx of foreign banks, a proliferation of near-banks and a broadening of savings banks services have meant the traditional turf of the meant the traditional turn of the commercial banks is under assault. Apart from battling to preserve their historical markets, however, they are also looking for new niches in which to grow.

The deregulation of the bank-ing industry in the rest of Europe and in the U.S. is also eroding previously sharp dis-tinctions between financial sectors in Holland. But in contrast with the cut-throat competition that has accompanied deregula-tion in the U.S., Dutch bankers are more composed.

Mr W. E. Scherpenhuysen Rom, chairman of Nederlandsche Middenstandsbank (NMB) and head of the Dutch Rank Associahead of the Dutch Bank Associa-tion, says calmly: "There are not many changes from one day to the other. A little conser-vatism is not bad." Innovation along Amsterdam's Herengracht may be slower than elsewhere, but things are hap-

elsewhere, but things are hap-pening. The best illustration of banks' divergent strategies in the fight against heightened competition is provided by Algemene Bank Nederland (ABN), with F1 147bn the largest bank in the Netherlands, and Amsterdam-Rotterdam Bank (Amro), with F1 125bn the (Amro), with Fl 125bn second largest. As these two leaders have watched their margins squeezed by new products and volatile rates, they have looked to opposite ends of the market for new initiatives.

This pattern is expected to con-

Amro is focusing on the partment that combines the lenders money and capital market desks, similar money and capital market desks, foreign exchange dealings and securities trading. The Dutch bank, which claims to be the first European bank to create such a treasury department, is aimiring to exploit the growing market in corporate paper and the trend toward international-

PROFILE: ONNO RUDING, MINISTER OF

Behind Holland's

healthy finances



Leading banks in the commercial sector have faced a squeeze on profit margins. Above, the headquarters of Amro in Amsterdam, which is focusing on the wholesale sector

follows: Bank lending to Dutch corporations stagnated during and is still recovering only slowly, because of compa Amro is focusing on the time as major corporations wholesale sector through a find they can borrow more by going directly to instruments to U.S. commercial paper - short-term, unsecured

promissory notes. Mr G. E. Loudon, a board member of Amro, was recently quoted as saying, "If we can no longer lend to certain companies then we will trade in their paper." An expansion of foreign

a couple of years. Only two weeks ago the Amsterdam-based taking over the European Bank ing Čompany (EBC), a merchant bank owned by a seven-member consortium known as the European Banks' Inter-national Company. Amro was already one of the seven owners but wanted EBC as a way to expand international wholesale activities, specifically in London. EBC is active in the Euromarkets and is one of only

London Stock Exchange. "We felt this was a good vehicle (with which) to participate in the expanding London activities," says Amro; noting that other continuental banks and a Postsche Park such as Deutsche Bank,

years. Moreover, prime cor-porate clients can be fickle if they find better and cheaper merchant banks to assure a place in the City's dynamic changes as deregulation unfolds. Amro also recognises that cor-Amro's historical rival, ABN,

porate clients are being wooed away by aggressive foreign banks such as Citibank and Paribas, which have established foothold in Holland. The U.S. has chosen a contrasting strategy of appealing to the private, retail market. ARN has launched a F1 100m "openbank" project to renovate its 700-branch network. By making banks, in particular, are proffering highly automated services, such as global cash management. With sophisticated electronic banking "user friendly," ABN hopes to attract new clients and cut costs. Retail bank clients do not pay for demand deposits in Holland and it has been estimated that hardware and software, the U.S banks are able to offer unique products at competitive prices.

Amro's forward-tooking strategy has its risks, of course.

The Netherlands has no comevery private account costs banks F1 100 a year, or a total

mercial paper market at the moment and the Central Bank of F1 500m. The ambitious project, which can be expected to proceed does not entail an increase in the number of branches, has cautiously following taken the Dutch banking com-munity by surprise. It coincides with the appointment of Mr R.

Hazelhoff as chairman. discuss the "open bank" pro-ject other than to tell a Dutch newspaper that ABN believes financial funds will, in the long-term, concentrate in the term, concentrate in the

In accelerating its drive for private clients. ABN will run head-long into fresh comthat was once considered the
petition from the planned Postbank. Scheduled to begin
January 1 1986, the Postank
ties, insurance companies are
will be a merger of the Postal
robbing the banks of their tradi-Savings Bank, and the Giro Postal Clearing system.

will start with a strong beach-head in the retail client market. sure on margins. How far the Postbank's services

tive bank that is the third largest Dutch bank in terms of assets. While not a commercial bank, Rabo has been notably broadening from its historical agricultural niche. The past five years of depressed commodity prices, including those in the U.S. where Rabo is active, have forced the Utrecht-based bank to diversity.

Rabo lifted its share of the home mortgage market to above
30 per cent last year for the
first time in many years
despite a stagmant construction market. The co-operative bank is considering establishing a guarantee fund for company start-ups, which are likely to proliferate under a new Govern ment programme that provides F1 25,000 to fledgling concerns. Meanwhile, Rabo is also entering the second phase of an 11-year, Fl 490m automisation programme that runs until 1988.

NMB, the name of which means middle-class bank, began several years ago with a decade-long move into areas outside its long move into areas outside its historical clientele of small- and medium-sized companies. To spread risk and income, this the third-largest commercial bank in Holland expanded overseas, increased its mortgage portfolio and accelerated activity in the referencement markst. the private-placement market.

But chairman, Scherpenhuysen Rom, clarifies: "We're adding to the bank, we're not diminishing the small- and medium-sized companies sector."

NMB will, however, have to share that sector with savings banks which will begin cor-porate lending this year for the first time. The savings banks entry into commercial lending is part of a 10-year transition period during which they will assume more and more univer-sal bank functions.

Not only are banks trampling on each others' areas of activity they also are under attack from near-banks, collectively known as the "Roparco effect," because Roperco, a savings fund that is part of the Robeco group of investment trusts, is, like a U.S. money market fund, offering above average interest rates by containing costs.

Roparco has no bank branches but "piggybacks" the bank and giro (postal) clearing system. Having begun only four years ago, the fund has F1 1.9bn in assets and last year set a mini-

Similar to Roparco is Neder-landsche Credietbank's Direkt-Hazelhoff as chairman.

Dank, a branchless retail bank

ABN management seems unthat also operates via the bank
sure of its move and refuses to and giro clearing system. Nedcred, which was wholly acquired by Chase Manhattan of the U.S. last year. can offer attractive terms by passing along to depositors savings in overhead

The insurance companies too tional savings deposits, the banks contend.

The long-delayed Postbank, with the Postal Savings Bank's savers, commercial banks have fl 27.5bn in assets, will be among the smaller banks, but which offer better yields to the customer but put further pres-

One thing most bankers agree will extend is currently bogged on is that finding a way to offset down in Parliamentary debate. these narrower profit margins is An aggressive response to the key to the future.



Onno Ruding—he has taken tough measures to cut over-spending in Holland's bloated public sector. He is widely respected in international finance circles

Government's painful austerity has been achieved despite a policies, Mr Ruding often has simultaneous reduction in taxes not been appreciated in the and social-security premiums, Netherlands. Abroad, however, in addition to sluggish economic the 45-year-old former banker is growth. highly valued for the financial discipline he exercises at home

discipline he exercises at home and in international forums.

Mr Ruding entered office in November 1982 as part of the Christian Democrat - Liberal coalition that was formed on a platform of economic retrenchment, private-sector revitatisation and combating unemployment. As Finance Minister, he was charged with drawing up the fiscal blueprint for slashing the budget deficit from around 13 per cent of net national income (NNI) to 7½ per cent by 1986.

A MAN is never a prophet in and persistent trimming of his own land and so it is with social-security benefits, the H. Onno Ruding, Finance Minister of the Netherlands.

Architect of the centre-right lower by next year. And this

Mr Ruding, a Christian Democrat, can take much of the credit

1986. his dispassionate style. "That Through deep and relentless required a number of tough cuts in Government spending measures which would have

been taken by anyone."

The stern but affable Mr
Ruding, however, has often
seemed isolated in his fiscal
fight, leading the vanguard in
the attack on lavish social benefits that are imbedded in the
Dutch way of life. While the
whole Cabinet is committed to reversing many policies of the past, Mr Ruding has forged ahead of his colleagues, and even his own political party at times. He has thus absorbed criticism that otherwise might have some to others.

have gone to others.

It is this apparent ruthlessness verging on relish that incenses opponents. Mr Ruding, educated as an economist, has frequently been accused of insensitivity toward the memrequestry been accused of in-sensitivity toward the unem-ployed and low-income groups. His straightforward, slightly imperious manner irks many Dutchmen, who are accustomed to understated talk and wide-

spread egalitarianism.

Last autumn the youth wing
of the National Labour Federation FNV filed a civil suit against Mr Ruding because of a against mr kuding because or a remark about people on unem-ployment benefits. The Finance Minister unabashedly com-mented that many recipients, especially young ones, were "lazy Johnnies from Leiden" who preferred to live near their auntic than move elsewhere to auntie than move elsewhere to take a job. The suit was thrown out of court but the Finance Minister was required to pay

court costs.

Mr Ruding, however, seems little worried. "I don't have sleepless nights (because of criticism). These are attacks on my policies . . . and aren't focused on me personally."

While We Purious for wordly While Mr Ruding frequently is upbraided at home, he is respected widely in international circles for the very

qualities that irritate the Dutch Early this year he was chosen to head the interim committee of the International Monetary Fund (IMF), the first Dutch-man to hold the post although

"others have tried," he notes.

Mr Ruding came close to the
chairmanship two years ago
when his predecessor, Willy de when his predecessor, Willy de Clercq of Belgium, was appointed. At that time the U.S. eagerly backed Mr Ruding for the job, viewing him as a man who could steer the IMF through the troubled waters of humanium interventies. burgeoning international debt problems.

problems.

The quiet-spoken Finance Minister also served as chairman of the board of governors of the Asian Development Bank between 1983 and 1984. There he actively backed co-financing between the bank and private lenders as a way of stretching the bank's resources.

the bank's resources.

Mr Ruding, however, also speaks his mind in the international arena—often siding with the U.S.—even if it means alienating European neighbours, he has amend European heighbours. He has opposed French initia-tives to link monetary reform to trade matters and d France as "isolated" recent Tokyo meeting of the ten largest industrialised nations. He sees himself as an "active spokesman" for budgetary dis-cipline within the European

Back at home, a test of Mr Ruding's political capital could come next year with the Dutch general elections. The May vote will be viewed as a referendum on whether the Dutch have had enough of economic austerity. The Christian Democrats are likely to remain in power with either the rightist Liberals or the opposition Socialists, with the latter probably ruling out the hard-line Mr Ruding.

Says Mr Ruding: "I would continue, provided the pro-gramme and other cabinet members were acceptable. That is my major yardstick." But it seems unlikely that the reflation-minded Labour Party and Mr Ruding would find each other mutually acceptable. LAURA RAUN

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London where trading levels
are rising with often dazzling speed, options have become something of a buzzword in the risk hedging business.

Having bounded ahead to 5.08m contracts in 1984, the EOE handled 2.7m contracts during the first five months of during the first five months of this year. It could be on target to increase turmover to around 8.5m for 1985 as a whole.

The EOE has been adding to the number of available options, extending share options to 15 and bringing in two more currency options. Of more significance are well pre-

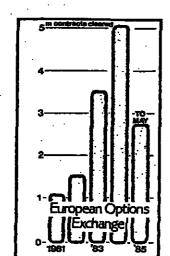
more significance are well pre-pared plans to deepen the physical structure of the market with a major addition of new seats.

In May existing members voted narrowly to shelve plans to create 40 new seats from the present maximum of 247. EOE officials are confident the vote will be more positive when it is again put to members later

this year. Existing members felt it would be unwise to widen the market until the application list contains more capital-providing institutions like banks and securities houses. They are opposed to too greater mix of professional Dutch

mix or processional butten trader who — so the theory goes — would simply dilute the existing liquidity base. About 80 per cent of trading focuses on share options with the big Dutch international stocks like Shell and Philips commanding a major following commanding a major following. The EOE recently added Aegon, the Insurance group, to its options list, and this year began trading in Robeco, the big Dutch investment fund.

Some 10 per cent of trading



exchange's international operations currency options and rold and silver options. An Ecudollar cross-rate option may well start up later this year. The EOE has links with options exchanges in Canada (Montreal and Vancouver) and in Sydney, Australia. All four exchanges are "fungible" with

exchanges are "fungible" with deals struck in one centre liable for completion in another. The Sydney exchange undertakes the clearing operations for all four exchanges in gold and silver options. These can now be effectively traded on a 24-hour basis.

For some time, the EOE has been vigorously pursuing an ambition to break into the North American market. U.S.

ambition to break into the North American market. U.S. investors, notably the bigger Wall Street fund managers, are major buyers of Dutch international equities.

The recent Wall Street shake out in the share price of North American Philips, which washed over into the main Amsterdam bourse, served to

since the latter pulled out of the initial plan to trade options jointly.

It will not be easy for the EOE to take on a sizeable U.S. connection (with markets in say Chicago or Philadelphia) without putting existing Canadian business at risk.

The EOE has abandoned plans — on the grounds that they are not necessary — to register with the U.S. Securities and Exchange Commission. But it is hoping eventually to list to is noping eventually to list some U.S. share options, and to this end has held preliminary discussions with the Options Clearing Board, the big Chicago clearing house.

If the international way forward is uncertain the EOE Can be least look with the EOE Can be least look with the EOE.

can at least look with confidence to a satisfactory balance sheet in 1985. Having struggled against losses in its formative years, the EOE scrapped in 1989 with ped into profit in 1982 with a net return of Fl 1.5m. Last year it made Fl9.9m after pay-

ing tax of FI 8.3m.
This has allowed all borrowings to its founder, the Amsterdam Stock Exchange, to be repaid in full. The F1 5.2m contingent liability shown at end-1983 is not repeated in the 1984 accounts which suggests that this year the EOE will emerge with sizeable reserves of cash to either spend or tuck

away into a reserve.

It is already casting around for larger premises having outfor larger premises having outgrown its existing building.
Amsterdam's old Corn Exchange, next door to the main
bourse building. A proposed
new computer system could
eventually absorb large
amounts of EOE cash. Officials
are also toring with the prosare also toying with the pros-pect of making some sort of return to members, possibly in the form of reduced seat charges.

There is a great deal of quiet

Amsterdam bourse, served to underline the potential attractions to foreign investors of the EOE.

To some extent this year's formalised links between the Philadelphia options market and the London options market were a blow to Dutch pride.

There is a great deal of quiet satisfaction over the progress the EOE has made in recent years, and understandably so. The volatility of share and currency markets explain much of the success, and is the key to Philadelphia options market the EOE has itself done much were a blow to Dutch pride. options (there are six of these) There has been barely disprogress of the past two years, with the remaining 10 per cent suised antagonism between of business spread across the Amsterdam and London ever nition.

Volume still at a high level

·HY HAS Wall Street not dis-nvered the Dutch stock market his year along with its newly bund passion for the West erman, Italian and Spanish Bourses? Answer: because it !!ready knew about it.

Dutch shares have long been amiliar to the international aminar to the international fund manager with stocks like Royal Dutch. Philips, Unilever and KLM pust as well known, and widely traded, outside the Netherlands as they are within. To some extent this factor has lately worked to the disadvanlately worked to the disadvan-The Dutch market has always been dollar sensitive and this currency have allowed the spot-light to shade away from the "international" shares. It remains one of the faster per forming stock markets in Europe, but for once it is the more localised shares that have ben left to make most of the price running.

Whereas foreign cash poured pell-mell into the Frankfurt bourse this year, the outsider approach to the Dutch stock market has been much more considered. The inter-national fund manager has had his Dutch portfolios fully-weighted since at least the middle of last year.

The market touched its high point for the year early in June when the ANP-CBS General share index reached 214.5 for an advance of some 16 per cent

> The Bourse JEFFREY BROWN

ince the start of 1985. This put the Dutch market up among the best performers in Europe and it marked the high point of a rally which started when the index stood at less than 150 back in the late summer of 1984.

Trading volume has continued

to run at a high level. Cash turnover in shares rose by a third to Fls 80.8bn in 1984, and for the first five months of 1985 trading volume was 15 per cent higher at Fls 44bn. There has been increasing focus on the big financials, notably the banks and the major insurance groups. Despite the buoyancy of both activity and price levels, the bourse has seen only a modest amount of equity financing. Virtually no new companies have come to the market so far a supplementation of the price of the this year and rights issue business has been constrained. Amsterdam's second tier, parallel market has made all the new issue running in recent

Dutch economic performance is providing the main thrust to the market. The Government budget deficit is slowly coming down, inflation is well under control and GNP and company profits are rising. Corporate profits advanced strongly last year under the impact of once and for all

the impact of once and for all cost reductions, and the momentum is holding very steady in the current 12 months. Wage unit costs declined in 1983 and 1984 and for last year this was reflected in company profits up by around 30 per cent. This year profits can probably rise by a further 10 per cent. rise by a further 10 per cent.
Dividends look set to rise by a
similar amount both this year
and in 1986 which compares with just over 8 per cent growth in the five years to 1984. dam bourse is very similar to the London stock market with dual capacity market making, fixed commissions on trading and rigid demarcation lines among principal market paruicipants. But whereas the
London market is going through
a period of rapid transformation, the pace of deregulation
in the Netherlands is slow.

The bourse's commission

system has been forced to adapt to more modern dealing

adapt to more modern dealing procedures, and on most trades these days the commission is open to negotiation. But there is no timetable for the ending of dual capacity between the banks and brokers and hoekman (jobbers). Outside capital is being kept sternly at bay.

A substantial portion of daily trading is already lost to the bourse because of the limitations of its system which keeps institutional business outside the exchange. There are big markets in Dutch shares both in Dondon and in New York, and some Dutch banks estimate that as much as a third of that as much as a third of business is lost to the locals in this way.

The demands from the trad ing floor for greater freedoms to compete for available bush ness are growing—both from the banks and from the smaller broking and jobbing firms which listen with undisguised envy to the stories of London Stock Ex change partnerships changing hands for huge sums. The Dutch Central Bank has

only as part of other duties. Many bourse traders feel that

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Considerable growth in trading volume

Parallel Market JEFFREY BROWN

SECONDARY SHARE markets have been springing to prominence all over Europe. French investors have shown a strong liking for just such an investment arena, and West Germans, too, now have the chance to deal in unlisted shares.

Lary-note.

Mainstream equity dealing has also been buoyant, and so has warrants business. The market started life in 1982 with 11 companies. It had 13 new entries in 1984, and so far in 1985 there have been six additions. In the past 3½ years, five entries have made the promo-The London unlisted securi-

ties market has grown into a major undertaking. In Amster-dam, the so-called parallel market has been busily expanding, extending its list of "entered" companies to 36. This makes the Dutch market

a minnow in comparison with the London USM which has 300 companies and a stock market value of around £3.4bn of which perhaps fillbn is freely and regularly traded. The Amsterdam parallel market is probably valued at around Fl 1bn, of which the biggest market capi-talisations are an electronic communications group called Text Libe (Fl 141m) and Canadian Overseas Investment (Fl 114m). Out of the 36 entered companies, 13 are valued in excess of Fl 20m.

But then, equally, the main Dutch bourse is a small scale Longon. Still, if it lacks over-all depth the parallel market ment could be caused to the can probably show many similar markets a clean pair of heels in terms of the growth of tradition terms of the growth of trading volume. In 1984 turnover powered shead to FI 604m from the FI 354m of 1983. After five months of this year dealing volume was running at FI 514m.

investor interest springs from trading in a number of bonds. A. Japanese group, Yokogawa, which has a manufacturing plant in the Netherlands, recently raised FI 100m through a convertible Euro-note.

tional leap to a main Amster-dam bourse listing, and one company entry has been lost through a takeover.

One of the more interesting of recent entries has been Grolsch Brewery, the small butch family breases with trad-

Dutch family brewer with trading tentacles spreading into many parts of the world drinks market, notably the UK where its distinctive ceramic bottle tops are part of a determined promotional push. The market includes a number of financial groups, including Kempen, a major Amsterdam stockbroker. An options exchange market maker, Amsterdam Options Traders, has just issued a parallel market prospectus.

The parallel market came into being partly to regulate an into being partly to regulate and into being partly to regulate and into the counter market in the counter market market in the counter market market in the counter market mar

unofficial over-the-counter mar-ket which had grown up on the fringe of the main bourse. It had increased in size to the the parallel market was also intended to provide a less onerous route to public life for small companies in need of

Parallel Market

A minimum nominal capital of FI 2.5m is needed to qualify of which 10 per cent needs to of which 10 per cent needs to be issued against 100 per cent for a full bourse listing in Am-sterdam. No trading record is needed, and in general disclo-sure requirements are modest. It is virtually a venture capital business, and the broad make-up of companies reflects this with a fair sprinkling of small high tech groups, often with a very small number of employees.

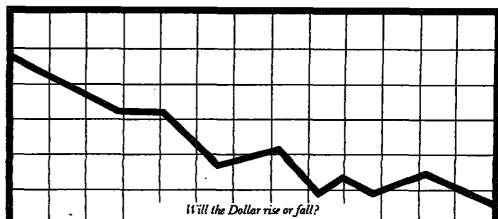
Some recent new issue arrangements have been especially innovative. The tender method is understandably popu-lar given the investment nature of many participants. But the Groisch issue, which was not a company capital raising exer-cise but a method by which part of the family shareholding was turned into cash, came with an unusual construction involving claims to buy pre-priced shares anything up to within two weeks of the original issue.

At one stage the price of the claims stood at a very sizeable premium to the Fl 45 price at which the shares were struck.

The market in parallel shares The market in parallel shares is made by two stockbrokers. Brockman's Commissie Bank and D. W. Brand, both of them operating on the main bourse. They make a market daily, but on a matched bargain basis, which reflects the market's relative lack of liquidity. Sellers cannot insist on direct execution of orders, and the completion of any deal depends largely on the extent to which the respective parties can negotiate an tive parties can negotiate an

The same two dealers have run the market from its start. a five-man committee looking Despite the strength of dealing into bourse deregulation, but volume over the past couple of years, there are no signs yet of any other main bourse market the present trading system will maker wanting to get in on the be swept away within the next

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Netherlands Banking and Finance 4

Exchange rate policy precedes bank profits

Central Bank JEFFREY BROWN

THE DUTCH Central Bank can term. look back on 12 months of steady progress. It is not complacent, but there is an under-standable air of quiet satisfaction at the fruits of its steward-

The economy is moving steadily forward, inflation is steadily forward, inflation is firmly under control and the Dutch banking system is remarkably free of trading traumas.

Helped partly by the removal of last year's indirect tax increases from year-on-year comparisons, inflation in the

increases from year-on-year about the problems of sovereign comparisons, inflation in the Netherlands is on target to dwindle to around 2 per cent by the end of 1985. In this improvement can be said to respect. De Nederlandsche Bank (DNB) has been very successful in its handling of both the exchange rate and the monetary to be very respectable by international standards."

The bank has been active in its manipulation of the money markets this year and as a result has kept the guilder comfortably within its range against the

West Germany is far and away the Netherlands' biggest trading partner, accounting for 30 per cent of Dutch exports and almost a quarter of total

Money market rates have been strongly underpinned for most of this year, and as a result Dutch banks' trading margins have been held down.
The DNB makes no bones about exchange rate policy taking clear precedence over bank profits. Thus despite the gyrations of the dollar, the guilder has had a smooth enough ride so far this year.

The bank is less happy about the monetary climate. The liquidity ratios have shown less stability than the DNB would have liked. In 1983 the Dutch liquidity ratio rose some 41 points to 40.2 per cent, and by the end of 1984 was running at around 41.7 per cent. To some extent, the situation has been bank's control.

Dutch broad money supply (M2) rose by 81 per cent in 1984, but most of the increase was specifically related to the strength of the balance of payments. The current account surged upwards strongly last year, and for 1985 could get close to Fl 16hn which is roughly four times greater than the surplus' long-term average. The inflow of liquidity from er was obviousl heavy and only partially neu-tralised by capital exports.

situation will go some way to righting itself once capital investment picks up. Dutch companies are sitting on strong balance sheets, but have yet to translate these into capital spending on any scale.

because it rules out such

term.

The central bank has less qualms about the broad supervision of its banking system. It points out that domestic loan losses declined further last year, and adds that the improved capital position of Dutch business should keep loan losses moving down in the current year. Yet there is less

to be very respectable by inter-national standards."

The banking system's solvency ratios moved up rapidly in 1984, thanks primarily to the way the banks have been rebuilding their reserves. A shift in the bank's credit portfolios to items D-mark.

This factor remains critical ment allowed credit growth to DNB exchange rate policy.

West Germany is far and away the solvency requirement. This rose by 5.1 per cent in 1984, whereas overall credit moved up by 7.8 per cent.

One small dilemma in an

otherwise largely unruffled outlook for the central bank is the possibility of changes in the use by banks of so-called external capital components. Much discussions is underway both within the EEC and elsewhere on the subject.

liquidity defiating options as a fight to keep the guilder credit squeeze or a weakening exchange rate on a tight rein exchange rate—the DNB has has been less straightforward nagging doubts about the pace than it outwardly appears. There of inflation over the longer have been pressures on the term. about cuts in Dutch gas prices. And there have been the understandable political uncertainties that can be expected to arise when general elections begin to loom.

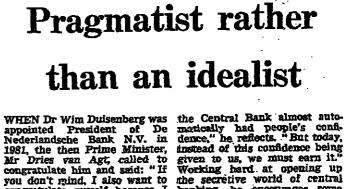
Official policy on the guilder is not going to be altered what ever the outcome of the general elections which have to be held before May, 1986. Central Bank policy remains fixed firmly at holding a rigid trading range against the West German currency with a cross-rate of Fis 1.13 as the unspoken floor.

If the guilder sinks to this level actions by the authorities in the money markets are instantly triggered.

As for rumours of cuts of up to 10 per cent in gas prices by Ned Gasunie, these remain a complete mystery, at least at the official level. It is not clear whether Gasunie needs to com-pete more actively for gas con-tracts. But it is clear that the Dutch trade surplus can with-stand some loss of gas exports. Despite the tightness of the

money markets where inter-bank rates have been held in the region of 7 per cent, longer-term Dutch interest rates have gradually edged lower this year in line with the trend on Wall Street. At the end of the first quarter the yield on long-term Government bonds was around 71 per cent. At present it is under 71 per cent.

On a coupon of 71 per cent and with a maturity of 10 years, the most recently issued state As a result, the DNB is at bond was relatively successful, pains to check any over-estima-raising Fl 3.3bn on tender at tion of the significance of bank a price that was struck at 101.



PROFILE: DR. WIM DUISENBERG

you don't mind, I also want to congratulate myself because I think this is the best appoint-ment the Cabinet has so far year to watch the Central Bank There was nothing astonishing about that—after all, as for self-assured Dutchman, whose mer economics professor, outgoing style led his last Rabobank Nederland official, annual report to raise sufficient doubts about Government Finance Minister, Dr Duisen-berg's résumé looked made to nationwide.

measure. More surprised ever, was that, for the first time in Dutch history, a Labour Party member had been elected Central Bank Governor and, moreover, by a non-Labour still have a far-too-large borrow-to-comprising comprising requirement and rapidly rising interest charges on our budget." "That is the way we can live with each other here," he ex-

plains, adding that "the Labour Party too must show it can Party too must show it can handle the country's money in a responsible way." His appointment may be explained better, however, by his closer links with the current right-of-centre with the current right-of-centre with a lightlight of his job. Coalition Government than with Labour's rank and file.

Preferring to be considered a pragmatist rather than an idealist, he claims his choice of

political direction "was more a matter of feeling and emotion than of very rational reason-

His politics, in fact, are barely recognisable as those of the left though he justifies his Labour membership by saying that his egalitarianism is confined more to the distribution of wealth than to "theorising about how to create wealth." Production must come first and there are few choices, he insists, relieved that his job enables him "to keep away from active political issues."

He admits to being "more a Denis Healey than a Tony Benn," adding that "the Labour Party itself regards me as extremely right wing — which is what happens to anyone having to deal with money.

Yet Dr Duisenberg, who looks not unlike the late President Kennedy, was considered once by the media, if not by himself or the Party, as a contender for the Dutch Labour throne, "That's very bad if it happens to you because from then on every move you make, every word you say, is seen in a cer-tain light," he says. "But, luckily, that stopped eventually and another crown prince came along.

His Central Bank policies are predictably similar to those of his predecessor, Mr Jelle Zijistra, who once described Dr Duisenberg as a "moderate monetarist." But he differs from his predecessors in his open

given to us, we must earn it."
Working hard at opening up
the secretive world of central banking, he encourages some 10,000 Dutch school-children a

Publicity does not daunt the doubts about Government finance to stir controversy

home, Dr Duisenberg keeps rather a low profile internationally. He did not make it as the third Dutchman to head

Rescue package

"The various governors get to know one another very well and the Sunday dinners are extremely sociable occasions if something happens, it is at those meetings that we can decide quickly and stick out our necks by offering a rescue package." He does not feel, however, that the cutral banks should be any more involved than they are siready in the international debt

Having more spare time now than when Finance Minister, he finds that sailing competes for priority with golf and amateur

photography.

The financial world never leaves him for long, "But when I step aboard my boat in Friesland I don't think for a minute about banking—until, that is, the phone rings," he

His ex-wife, whom he recently divorced, used to complain:
"It's not the three minute call I mind but the three hours of mental occupation afterwards."
At home he often talks business with his youngest son, who plans to study economics at Rotterdam University and then gain some practical banking ex-perience before taking his father's place at De Neder-landsche Bank when he retires around 1997.

Retirement will not come easily, however, for a man who would not change his job for any other in the world. "It's the best there is," he says. "The pity is that there's only one such job per country."

Peter Spinks

The Dutch banking sector is remarkably free of trading traumas. Above: the National Bank, Over-capacity keeps down office rents

Property Market IEFFREY BROWN

FIVE years of slump have left an indelible mark on Dutch property markets. Office rents in Amsterdam are just about the lowest for a major European city, ignoring Barcelona which actually does come bottom of a rents table recently worked out by Richard Ellis, the property consultants and agents.

Against rents per square metre of well over US\$700 in London, the cost of renting offices in Amsterdam works out at \$107, just ahead of the \$98 which was the going rate in Barcelona at the end of the first quarter of this year. Rule of thumb adjustments for currency appropriates and service charges. conversions and service charges and rates can make for com-parison distortions. But viewed from whatever angle the over-all picture portrayed by the

agents is stark.

Dutch property markets continue to struggle fitfully with the burden of massive overcapacity. The cutrent oversupply in offices probably extends to 2m square metres while in industrial property that figure rises by a further 1m or so square metres. The supply demand equations are less stilted in the retail market. But even here there are major con-lettings. There is a distinct straints with rental values held shortage of really policy in check by tenants' legal protections, notably court super-vised rent reviews every five

Last year the Dutch take-up

take the best part of six years suggestion that the Government to work its way through the will soon allow ABP a certain

system.

In the perverse way that property markets have to operate as a result of long-term decision making and an almost total inability to either cut losses or make U-turns, the total office stock in the Netherlands continues to grow. To make matters worse, the situation is being aggravated by decision making and an amost total inability to either cut losses or make U-turns, the total office stock in the Netherlands continues to grow. To make matters worse, the situation is being aggravated by visible trends to a reduction in the amount of new office space per employee, partly through staff cuts and partly from the rapid onset of new

Industrial investment in the Netherlands is showing obvious signs of buoyancy, but to date it has had no visible impact on the industrial property

technology.

Company profits rose by around 30 per cent in 1984 helped along by recovering GNP which for 1985 is generally forecast to get back to growth of 2 per cent, its long-term average gain. Small pockets of prime locations apart, the improving economic climate has yet to filter through to industrial property demand. to industrial property demand.
Institutional investment remains at a low ebb. Where there is any thrust to insurance and pension fund investment it tends to focus on refurbishment, as the major institutions con-

centrate on portfolio rationalisation as a means of improving shoringe of really prime out-lets for institutional funds—at a time when Dutch investors have become more and more demanding in their assessments. Last year the Dutch take-up Dutch funds continue to of new office space was around actively seek investment outside 500,000 sq metres. But 1984 the Netherlands. The largest was an exceptional year with pension fund by far, ABP, the office absorption inflated by a civil service pension fund, is

amount of foreign investment

appears, after four years of no appears, after four years of no Dutch investment, the company's portfolio will probably be 70 per cent foreign-based. It is an open secret that PGGM, the medical workers pension fund which has been stalking Wereldhave for years and has built up a major shareholding, coverts these overseas assets.

Curiously some developments remain remarkably active. The Atlas centre in the south eastern district of Amsterdam added no less than 72,000 square metres of office space to the city's stock pile when the complex was completed just over 18 months ago. This new space repre-sented a fifth of one year's an-mual uptake for the whole of the Netherlands.

Earlier this year the nearby World Trade Centre brought an additional 60,000 square metres of offices, shops, restaurants and conference facilities into play. Both developments had their planning origins based on the principle that years of restrictive municipal planning in the heart of old, canal-side Amsterdam would force com-panies to seek more accessible working environment in fringe

areas.

Lettings at both developments are proceeding slowly, a pattern common throughout the Netherlands. Over the past ten years rental growth in Amsterdam and the Hague has lagged behind inflation, and number of freakish factors. confined by statute to investing severely so in Rotterdam. According to Richard Ellis, its huge cash-flows in the office take-up tends to run at Netherlands. But even this area, only the Utrecht has mannually which suggests that the domestic property scene may current office over-hang will soon be lost. There is a strong indices.



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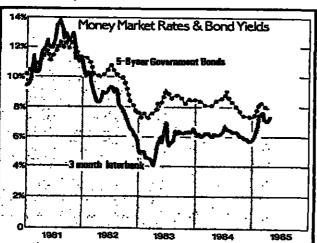
Netherlands Banking and Finance 5

Equities set the pace

Capital Market JEFFREY BROWN

DUTCH BONDS have gone in for a spot of role reversal of late, giving way to equities in teams of activity levels. In 1983, bonds accounted for more than 70 per cent of total trading volume on the Amsterdam bourse. By 1984 this percentage was down to less than 50 per cent and graining so far in 1985 has stayed unexciting. The tightness of the money markets and the limited scope for actual price movements has leep the bond market at a low ebb at a time when the main investment competition, equities, have come strongly into fashion. Equity trading levels jumped by more than a third last year whereas bond activity could only improve by 13 per could only improve by 13 per

cent.
The early months of 1985 have seen more action but largely as a result of gyrations in the foreign exchanges as the doltar has waxed and waned against the guilder's running mate, the German D-mark. Bond sumover improved by a fifth or as the summer hill settles over so to Fl 36.4bn in the five the markets there are hopes that months to May, against the second half of 1985 and Fl 73.3bn for 1984 as a whole. can get to graps with the log-There have been plenty of jam, occasions, however, when bond The traders have found themselves with little to do but stare gloomily into the middle dis-tance. Dutch bond yields have moved progressively lower this year. but suith the central bank



abarm bells start to ning loudly much more smoothly from now over the same months of 1984 round at the central bank. Ten year state bonds return skightly

The yield curve in Amster-dam has seldom been flatter. and in its present horizontal position simply does not make for switching opportunities or healthy levels of tumover. Still, as the summer kill settles over

have kept momey market rates one or two state new bonds at funds are especially active in worst which removes one very this type of lending. To date the means of keeping the guider big constraint from both prices. The direction of the foreign exchanges permitting, the bond or F1 7.5bn from private placings, market could well move forward or F1 lbn more than it raised

ne markers mere are hopes that the private placing market has grown rapidly in recent has get to graps with the log-years. Strict regulations of the am.

The make spur to this tentative optimism stems from the success of the Government's one explanation, But the major capital market borrowing programme which has been running well ahead of target. This money can be raised via a primary of the state of the

moved progressively sower this
year, but with the central bank
firmly in control of both speed
and direction — and dampening
thown all extempts at price
who all extempts at price
The likelihood is that the
the process.

Over the last couple of
months the Dutch authorities
The likelihood is that the
the total net supply and demand
for Dutch capital. The pension
for Dutch capital are executed as price
to the destruction.

The market in private placing in Amsterdam.
The market in private p

on.

New issue activity in the public bond market has been kept at a fairly low key. In contrast, the market for private placings ably emerge from 1985. The began the year with a tremen-central bank is determined to dous ourst of activity with both the Dutch Government and foreign borrowers seeking heavy fixancing.

The boundary of the boundary fixancing the liquidity, much in the way that the Bundesbank monitors The private placing market and directs borrowing in the

euro-D-mark markets.

An interesting newcomer to the Amsterdam bond scene is the market that has opened up in ECU bonds. Algemene Bank Nederland set the ball rolling in February when it issued the first Dutch ECU bond for ECUs 100m and groups like Rabo-bank, Bank Mees and Hope and Philips have followed suit.

The bonds have proved appealing to investors and borrowers alike. A number of banks are offering ECU savings two percentage points and more above competing guilder ac-counts. So far the additional risks built into the ECU have

Big changes on the way

Savings Banks LAURA RAUN

MUCH CHANGED over the past 25 years, Dutch savings banks face still another knowation lu'the way they do business perhaps the most dramatic in their history. Within months they will begin lending comthem closer to universal banks and signals much wider changes in the whole financial

The previously distinct lines between savings, commercial and co-operative banks have increasingly been blurred in recent years, amid heightened competition, volatile interest rates and a proliferation of near-banks such as Roparco.

With financial institutions battling to protect their profits, they have been forced to offer new products and enter fresh markets. By taking on more commercial bank functions, Dutch savings banks are following the trail already blazed by their UK West German and Scandinavian counterparts.

" Everyone is fighting for the same piece of cake," says Mr B. J. Feilzer, vice-chairman of the Verenigde Spaarbank, the largest savings bank in the

One new product introduced by savings banks in the past two years is short-term deposits, which pay slightly higher in-terst rates to savers than the traditional savings accounts. Small, individual savers — the mainstay of savings banks have increasingly demanded these short-term deposits as gyrating interest rates have revealed the real cost of money. The loans on savings banks' books, however, have historically been longer-term instruments, mostly mortgages.

Thus to improve the match between short-ferm liabilities and assets, savings banks are going into corporate lending, previously the domain of commercial banks. The Central Bank has granted licences for this activity to the five largest savings banks and another four are expected to be issued by the end of the year. The Neder-landsche Bank, however, is limiting permission to those avings banks with assets above

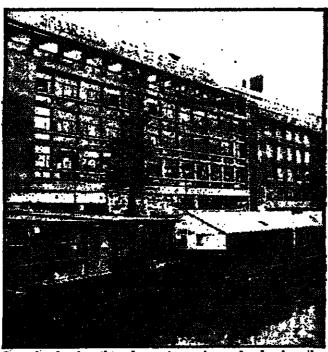
By lending to small- and medium-sized companies, savings banks also hope to pre-serve their embattled share of serve their emostured private savers market. Explains Mr Feilzer: "There

are many one- or two-man businesses to whom we're not allowed to lend. Now we're in a position to stay with our

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Spaarbank is the largest savings bank in the Netherlands. Above: the bank's premises on the Singel Gracht, Amsterdam, overlooking floating flower barges on the canal "Now we have to earn enough to justify the change," warns Mr van Leeuwen. "The new

infrastructure to move into

commercial banking will allow

for savings institutions than for

commercial banks, Mr Leeuwen

notes. "For the past five years the commercial banks had the

difficulty of international debt problems. We just made profits

year after year and added them to our reserves."

Net income for all savings

banks stabilised at Fl 32m in 1984. The industry also boasts

that its equity-to-assets ratio is 9 per cent—three times that of

This performance has been

achieved despite a precipitous plunge in market share of over-

all savings from 30 per cent 23 years ago to 15 per cent today. That share has stabilised in the past couple of years, although

total savings as a proportion of national income have dropped

to about 141 per cent from nearly 22 per cent in 1973.

Profitability has been higher

us more profits."

commercial banks.

The industry's shift toward general banking began 25 years ago with consolidation that over years has seen the number of savings banks reduced from 300 to 32. Mr W. F. van Leeuwen

director of the Dutch Savings Bank Association, says the association is encouraging even more mergers. "All institutions should have at least F15bn in assets, a norm that would fit well into the European context.' The industry was first given permission to enter corporate lending in 1981, but the reces-sion of the early 1980s rendered

that business less than promis-ing. The 1981 agreement with the Nederlandsche Bank pro-vided for a 10-year transitional period during which savings banks would be allowed more reial bank functions. As a trade-off for their new privileges, savings banks agreed

to give up their special fiscal benefits—that is exemption from corporate tax on profits deriving from savings activities.

rive over the next decade to the standard 43 per cent, sharply higher than the average 10 per cent paid in recent years. The industry was granted its favourable tax status because savings banks began in 1817 as local foundations for low-income people who had too little mone

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Beginning this year the corporate-tax rate will gradually

The industry attributes much of the decline to dissaving dur-ing the past four years of flat incomes and hopes that the saving propensity may improve with slightly higher incomes this year. But Mr P. J. Lardinois, chairman of Rabobank, warned members of the co-operative bank at the recent annual meeting that the future holds little on for optimis

He predicted that interest-He predicted that interest-rate margins would remain squeezed by escalating competi-tion from pension funds and insurance companies, which offer contractual savings. Premiums paid into pension plans and annuities are tax deductible while interest income from savings are exempt only up to FI 700 per person. Savings banks have been complaining loud and long that

the tax advantages of con-tractual savings have eroded

traditional

If deregulation of the bank-ing industry is to proceed, they argue, then financial institu-tions should at least be put on an equal footing Finance Minister H. Onno Ruding recently indicated that some limitation on the fiscal advan-tages of contractual savings might be in order.

The insurance companies, for their part, argue that they command a relatively minor 10 per cent of the entire contrac-Peters, chairman of Aegon Holland's second-largest in surance company, recently reminded a banking seminar that bank savings also offer fiscal advantages and that "the battle for the consumer's sav-ings should be determined through efficiency and 'quality of financial institutions."

Perhaps of greatest concern to savings associations is the proliferation of near-banks, such as Roparco of the Robeco group of investment trusts and Nederlandsche Credietbank's Direktbank, collectively dubbed the "Roparco effect."

Roparco operates like a U.S. money market fund, proffering attractive market-related rates by containing overhead costs and passing along the savings to depositors. By piggy-backing on the bank and giro (postal) payment systems, Roparco on the bank and giro (postal) payment systems, Roparco operates through the existing clearing network and has no need for expensive branch offices.

"Once you pick out the goodies and leave out the baddies you are due to receive opposition," Mr Feilzer says of Roparco's targeting of sizeable deposits with fewer transactions. Roparco's F11.8bn in deposits is still only a fraction of savings banks' F121.7bn, but this has been achieved in a short three year period.

Progress

The Direktbank of Neder-Ine Direktoank of Nederlandsche Credietbank, which was wholly acquired by Chase Manhattan last year, offers retail banking services but only through the mail with no branch network. Again by keeping down costs, Direktbank can offer better than average rates.

After only one full year in After only one full year in operation and an intensive advertising campaign, the Direktbank is recognised by seven out of ten Dutchmen, Nederlandsche Credietbank

One method of retaliation open to banks is to impose fees on transactions conducted on transactions conducted through their clearing network. While a pay-as-you-go system has been widely discussed, bankers fear that a tariff battle might ensue that would damage

everyone's margins. Of little immediate concern to the saving industry is the planned start-up on January 1 1986 of the Postbank, an almagamation of the Rijksjpostspaarbank (Government savings bank) and the postal giro system. The savings bank consystem. The savings bank con-tend that they have been com-peting with both the Rijkspost-paarbank and the giro system all along anyway, and that the long-discussed Postbank will provide fresh competition for the commercial banks rather than for the savings industry.

The Netherlands is the world's second largest exporter of agricultural products.

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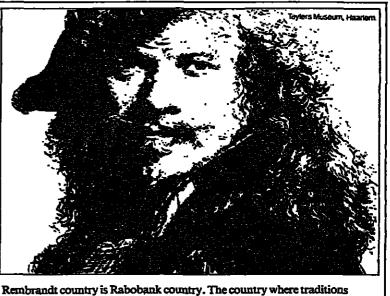
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From the Annual Report of Nationale-Nederlanden

A year of further growth at home and abroad.

Nationale-Nederlanden is one of the world's major insurance groups and the largest in the Netherlands.

The group operates in 24 countries and employs over 21,000 people.

The year 1984 was marked by a continued recovery of the world economy. In this climate of confidence, the revenue and profits of the group have grown considerably. Our revenue increased by 27.5%, net profits rose by 10% and capital resources were strengthened by a 14% growth of net assets to Dfls. 5.3 billion.

For the entire group the profit distributed to life policyholders in 1984 passed the one billion guilder mark.

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In 1984, Amfas Group was incorporated into our profit and loss account for the first time and contributed considerably to our overall growth. But even excluding this factor, the rise in revenue in the Netherlands was 10%.

In the life insurance field, an increased interest in private pension plans and group life insurances had a positive influence on our business.

There was a substantial increase in the result from life insurance. Disregarding a negative contribution

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Results Overview							
1984 £M.		1984 Dfl. M.	1983 Dfl.M.	% plus			
2,946 1,069	Premium income Investment and other income	12,158 4,411	9,577 3,423	27 29			
4,015	Revenue	16,569	13,000	27			
1,290	Net assets	5,325	4,658	14			
127	Net profit	523	475	10			
	Per share of Dfls. 2.5	0:					
£		Dfls.	Díls.				
1.39	Net profit	5.73	5.53	4			
0.55	Dividend	2.28	2.02	13			
0.56	Dividend as declared	2.30	2.25				
13.29	Shareholders' funds	54.85	50.98	δ			

from Amfas Group the non-life sector was able to match the good results of 1983.

... and abroad.

The revenue of our companies abroad grew vigor-. ously, especially in the United States. Results in life insurance increased by almost 50%.

The non-life results outside the Netherlands showed a loss, mainly due to substantial claims under product liability insurances. We expect that in the future our share in these claims will not interrupt the steady growth in the group's profits. The life and non-life premium income was geographically spread as follows: The Netherlands 44%, rest of Europe 16%, North America 29% and other areas 11%.

Careful growth.

Further growth at home and abroad remains a major policy objective. The recent purchase of Indiana Insurance Company by Peerless Holdings Inc. in the USA bears witness to our policy of carefully expanding our operating base with first class companies.

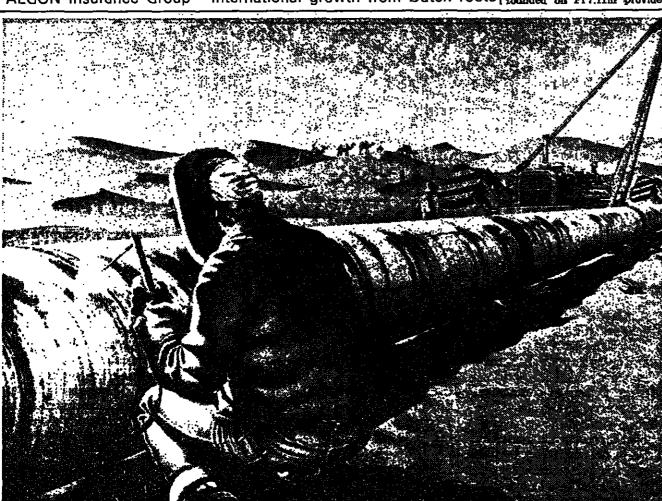
For 1985, we confidently expect to achieve another rise in revenue and profits.

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Amsterdam's many picturesque canals are now providing an unusual opportunity for Canal Bikesa, a Dutch venture capital company, which is aiming to provide water-borne entertain-ment for tourists

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For the Dutch, borders have never been barriers.

but wanting to do big business will soon have to look beyond his own

just that. International trade is as much in their blood as growing tu-lips, building windmills and fight-

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Entrepreneurial spirit grows

Venture Capital LAURA BROWN

THE "Dutch Disease," a social and economic malaise that stemmed from a rich and generous state, enveloped Holland in the 1970s.

Soaring natural-gas revenues financed lavish social security benefits as the collective good took precedence over individual enterprise and personal ambition. The private sector lan-guished under oppressive taxes and social premiums, while profit became a dirty word.

The recession of the early 1980s brought a rude realisa-tion that rampant government spending could not be sustained necessary to rein in the public

Now there is a growing feel-ing that the Dutch Disease is on the wane and that a "new elan" is in the air. Public finances are being put in order, taxes are being pared and private enterprise is attracting fresh attention.

This new elan has provided fertile ground for the rise of venture capitalism in the Netherlands. In the relatively brief history of modern venture-capital funds, Holland has sprinted to second place only behind the UK in the amount of money available, according to a European survey by the accounting firm of Peat Mar-

wick.
It is estimated that 700m
Ecu's (European Currency
Units) in venture capital funds
are available in the Netherlands, far less than the UK's
3.1:ion Ecus, but more than
twice as much as any country
on the Continent

Mr Robert Centvorst. Dutchman who is Secretary General of the European Ven-Capital ture Capital Association (EVCA), contends that there is a "rennaissance of entrepreneural spirit" in the Nether

Business and labour alike realise that new technology, aided by venture capital, is a anced by venture cepital, is a key to more jobs. Mr Ceurvorst asserts. For Europe, imporation and high technology are essen-tial if it is to compete industrially with Japan and the U.S Venture capital in Holland can be traced as far back as 1621, when the Dutch West Indies Trading Company was

Modern venture capital began in the mid-1970s with the establishment of regional development funds, Government agencies designed to stimulate economic and social activity in those provinces lagging behind the western part of the country. A good monetary return was important but was not the overriding factor for these five funds, which together had invested a total of Fl 323m by the end of 1983.

Alongside the regional development funds is the Corporation for Industrial Projects (MIP), a mixed venture-capital company launched in 1981 to finance large projects above FI 4m. Owned 49 per cent by the Dutch Government and 51 per cent by private interests, 51 per cent by private interests, the MIP operates independently from the state and invests in high technology concerns that will boost Holland's competitive position. A recent example was the MIP's participation in Van Doorne's Transmissie, a small company that has developed an innovative automatic trans-

Private venture capital com-Private venture capital com-panies, however, did not really thrive until 1981 with the approval of a Government-guarantee scheme in which half of the original investment is guaranteed by the Dutch Gov-ernment. To qualify for the guarantee, venture capital companies must have a minimum
Fi 1m capitalisation and
"expert management," and
invest at least 60 per cent of the

49.9 per cent of a venture capital company's share capital, up to a maximum Fl 4m, may be invested in a given project.

Some Fi 78m has been injected into 109 companies under the four-year-old scheme. Mr Evert Elbertse, secretary of the recently formed Dutch Venture Capital Association ture Capital Association (NVP), predicts that funds available under the guarantee scheme may jump by half to Fl 125m this year, after doubling last year.

The obstacles that impeded venture capital formation in the early 1980s are now diminishing. After suffering through the recession, corporate profit-ability has rebounded, providing fresh funds for investme in new products, processes and markets, Furthermore, many of the ventures backed by equity financing under the guarantee market listings, the first being scheme are linked to the export Pie Medical—an innovative market, which is booming,

U.S. interest

What is surprising is that so what is surprising is that so title criticism is heard about Dutch venture capital often finding a home outside the Netherlands, and thus failing to stimulate the domestic industrial innovation and regeneration so urgently advocated. At least Fl 500m, or perhaps one third of the total Fl 1.77bn funds available in Holland, have been invested outside the country, Mr Elbertse estimates.

He concedes that a lot of equity financing sought the higher yields available abroad,

early 1980s, but he contends that the tide is now turning. With Dutch and European ven-tures offering more attractive returns, Dutch venture capital funds are more often staying on this side of the Atlantic.

Amsterdam's parallel market, meanwhile, has provided an increasingly attractive outlet for venture-capital backed companies. Established in 1982 as a less restricted market alongside official securities market, the omeral securities market, the parallel market now is flourishing after a rather sluggish start. The number of new listings tripled to 13 last year and the pace has continued this pace as continued this pace as price to company this year as price-to-earnings ratios have risen to remunerative

Several venture capital-backed companies have ob-tained or are seeking parallelcompany that develops, manuand sells medical electronic equipment. Begun in 1976 by two young entre-preneurs, the Maastricht-based company has lifted its sales from Fl 3.8m in 1981 to Fl 19m last year. The rapid growth was aided by several rounds of aided by several rounds of equity financing from the Limburg Institute for Industry and Development, one of the five regional funds, as well as Nesbic, a company grouping several venture capital funds, and Nederlandsche Middenstandsbank,

In a much-heralded introduc-tion to the parallel market in October 1984, Pie Medical made

Government and of establishment. No more than particularly in the U.S. in the a F1 23 a share tender offer, shares are now trading at around F1 35.50. Venture capital is not nec

sarily always identified with high-technology companies. high-technology companies. Perhaps the quaintest example of simple technology is an Amsterdam company called Canal Bikes, which remis out foot pedal-driven boats for cruising the canals. Owner Felix Guttmann convinced Cadarament Vermanne Neder Ondernemend Vermogen Neder-Ondernemend Vermogen receivant to provide 37; per cent of his start-up capital and managed to turn a profit in the first year. "There are few other places where you can operate canal hikes—that's the only disadvantage of the company," Mr Guttmann concedes, although he is considering pany, mr duttmann concedes, although he is considering launching operations in Delft. Now that venture capitalism has established itself as a respectable form of financing. attention is focusing on a better match between entrepreneurs and financiers. There is no longer a shortage of venture capital in Europe, according to Mr Ceurvorst of the EVCA, but there is a need for business

minded entrepreneurs. What venture capitalists seem to want is aggressive managers with commercially sound ideas. "If I want to double or triple they (the entrepreneur) want 5-10 per cent, then we're not talking the same language, want to see the whites of their eves," says Mr John R. Padget of Padget Associates, an

More protection for investors

Investment

Firms

LAURA RAUN

UNTIL NOW the Netherlands has imposed relatively few regulations governing the activi-ties of brokers operating outside the aegis of the bourse.

At the end of this year, however, a new law is expected to come into effect, which it is to be hoped will restore the good name Amsterdam cultivated Indeed. it is Holland's tilism that has left the country n open enclave for commercial

Increasing concern has been expressed, however, and last November the Finance Minister hurriedly unveiled legislation of stock brokers and vetting of investment prospectuses.
Under the new act, securities

brokers who are not members of a recognised bourse must get a license from the Finance Ministry. Recognised stock exchanges are those in the

and Japan. To get a license, brokers must prove expert knowledge and reliability, financial guarantees, sound conduct of business and trustworthy information given to the public. The second major require

ment is that a prospectus must accompany all issues of securities that are not listed or slated for listing on a recognised bourse. The Finance Ministry will set out prospectus requirements for the offering of securi-ties, which are defined as stocks, bonds, options, warrants, and unit trust among other instru-Dr A. L. Gerla, director of

the 61-year-old Dutch Investors' Protection Association, believes the new investor-protection regulations will improve regulations will improve matters. But he criticises the legislation as a "blunt axe" that may also cut out creative trading.

group that wants to publicly members offer participation rights for Embold renovation of a local hotel will be required to deal through a licensed broker and offer a detailed prospectus. While the participation rights may provide the holder with little more than

Dr Gerla is also concerned over the Finance Minister's pre-diction that only 30-40 broker licences would be granted initially, followed by a few

annually after that. "Dubious brokers won't get a licence," concedes Dr Gerla, "but others will also be ex-cluded, due to the overload (of paper work at the Finance Ministry) and the ridiculous instructions to keep the number

Dr Gerla worries that the Finance Ministry lacks the expertise to adequately police the wide range of activities which may fall within the ambit of the new legislation. This concern is shared by the Amsterdam Stock Exchange.
The bourse has been trading dependently of Government

interference for four centuries and is today a self-regulating Emboldened by its pervasive influence in the Dutch invest-

ment world, the exchange sought the power of review over licences and prospectuses. Finance Minister H. Onno Ruding, however, politely de-clined the exchange's offer saying that Government and private powers should not be mingled and that proprietary information could be jeopardised. The exchange may nevertheless be asked for advice in vetting prospectuses, says Mr Ruding.

Loophole

The exchange believes that a proposed annual audit of brokers is too lax and that combrokers is too lax and that com-pliance departments ought to be required, as they are for exchange members. One gaping loophole in the law is that a licensed broker can work right alongside a financial adviser, who does not need a permit. Tip sheets, those ubiquitous and often self-serving recommenda-tions on the market, are not

covened by the law. formulate
One area that is particularly this year.

European Community, the U.S., a cut-rate room, the offering difficult to monitor is telephone Canada, Australia, Switzerland will be treated the same as a solicitation, the retail broker solicitation, the retail broker's stock in trade. Short of teletapping, a verbal pitch by an unlicensed broker leaves no indelible record.

Even if infringements are dis-covered, the penalties are relatively lenient. Those found guilty face a minimum of six months in prison or a F1 10,000 fine. For investment firms attracting millions of dollars a year, such a fine is not particularly threatening.

The new law, which was quickly proposed last November after languishing for nearly a larger Bill that will affect the whole securities industry. The outdated Securities Trading Act of 1914 will be revised to create more uniform structures and supervision in the industry. probably within two years.

Mindful of the escalating competition between European financial centres, the Amster-dam Stock Exchange has carried its complaints further. bourse wanted trading in listed shares restricted to exchange members and now fears that the imprimateur of a brokers licence will foster off-floor dealings in listed stocks. Such transactions can take place now, but the worry is that the legiti-macy of a brokers licence will fuel such trading.

brokers—as required by the bourse—is not guaranteed in the investors protection law. Exchange members cannot rely on one major client or stock for their business and must diversify to ensure fairness. The same should be required of licenced intermediaries, the

hourse contends Unaddressed in the new law is insider trading, or dealing on privileged information. While the magnitude of insider trad-ing is unclear, Finance Minister Ruding says the issue will be tackled in the larger Bill coming in the next couple of years.
The stock exchange plans to formulate its own policies later

your dutch key to the far east for the past 10 years.

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CONTINUED FROM PAGE ONE the Euromarkets and recent entry into stock trading, is

New pressures

to the city's dynamic changes surrounding deregulation.

Commercial banks soon will be vying with savings banks for domestic corporate business when savings associations begin commercial lending later this year. In one of the most sweeping deregulatory moves in Holland, savings banks are be-

that will take them close to universal banks by 1991.

The 32 savings associations believe they are well-armed with healthy balance sheets to carve out a share of the corporate market, specifically among small- and medium-shed

Both the savings and com-mercial banks are under assault mercial banks are under assault from a proliferation of near-banks such as Roparco, a sav-ings fund that is part of the Robeco group of investment trusts, and Nederlandsche Credietbank's Direktbank Col-lectively known as the "Roparch lectively known as the "Roparco effect," these financial institutions can beat bank terms by passing along to customers the savings in overhead costs. Pri-vate individuals have responded eagerly, after having learned the real cost of money through fears of high inflation and volatile interest rates.

Roparco, which began only four years ago, has already attracted F11.9bn in assets by offering above average yields to depositors. Much like U.S. money market funds, Roparco has no branch offices of its own but taps into the bank and giro

system for its transactions.
The Direktbank of Nederlandsche Credietbank, which was fully acquired by Chase Manhattan Bank last year, also has no branches but provides retail banking services through

mail and telephone. Just as competitive to tradi-tional savings account has been pension premiums. Because the

premium payments are tax deductible, they are fiscally more attractive than the F1700 exemption on interest income from savings, the banks complain. The banks have been incensed by what they call unfair treatment and the finance minister recently indicated that he might respond to their

The insurance companies, who say they have less than 10 per cent of the contractual savings market, have binted that they may again try their hand at corporate lending. In the 60s and 70s insurers did go into medium- and long-term com-mercial lending but found it too unremunerative by the time the early 80s' recession rolled around. Insurance companies, however, are still barred from the money market.

The push and pull in the Dutch banking and finance world will clearly continue but a certain composure seems likely to prevall. Dutch banks, which historically have had lower profit margins than their British counterparts, reckon that wignes competition would that vicious competition would only do more harm to margins that already are squeezed.

By ensuring that deregulation proceeds slowly and some form of unity is maintained, Dutch bankers aim to preserve their long reputation as prudent money managers. The big question is whether

they can pursue such a cautious path while the rest of the banking world is spinning faster and faster, growing internationalisation, deregulation and automisation are changing the face of banking and Dutch financial istitutions must adapt or be left behind. Mr A. Batenburg, the former chairman of ABN, hinted at

the time of his recent retirement that further mergers may be necessary to achieve the economies of scale required for survivel. Noting that both ABN and AMRO were the result of mergers, he indicated that further consolidation may the growth in contractual sav- be the only answer for Dutch ings, that is life insurance and banks competing against the

Toksi Bank Oversees Ottoes and Subsdiaries: America Chicago - Howton - Los An - New York - San Francisco - Toronto - Meeto - San Paulo Australia Melbourne - Syst Europe Ameteriam - Dusseldori - Franklut - London - Madrid - Paris - 20igh Rer & Mil

London EC2R 7BD, U.K. Telephone: (01) 6285311, telex: 8956217 nmbldn g. Eurocurrency deposits and foreign exchange telephone: (01) 6285831, telex: 8956264 nmbldn g. ness acumen. That's why you'll find NMB Bank in the major finan-Anyone living in a small country cial centers of the world, with its own branches, subsidiaries or rep-Bahrain, Buenos Aires, Caracas, Chicago, Cura-The Dutch are masters at doing resentative offices. cao, Geneva, Hong Kong, London, Los Angeles, Mexico Ciry, Montevideo, New York, Paris, Rio That's why it engages in forex arbitrage, Eurocurrency deposit business and international lending

as well as in the trade in banknotes and precious metals. That's why NMB Bank is a leading commercial bank; ranking No. 3 in the Netherlands and, according to the American Banker, No. 74 in the world. Total assets as at 31 December 1984: Dfl. 68,346 million

NMB Bank Head office, PO. Box 1800, 1000 BV Amsterdam. The Netherlands. Telephone: 3120-5439111, telex: 11402.

NMB Bank London branch, 2, Copthall Avenue,

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Worldwide Legislative Update

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This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an offer or an invitation to any person to subscribe for or to purchase shares or warrants.

Cluff Oil Holdings plc

(Registered in England No. 1903902)

A Scheme dated 13th May 1985, whereby a new holding company, CLUFF OIL HOLDINGS pic ("Holdings"), acquired all the issued shares in CLUFF OIL P.L.C. ("Cluff") for shares in Holdings on a one-for-one basis became effective on 5th july 1985. Pursuant to the Schema, Cluff is now a subolity-owned subsidiary of Holdings and the former shareholders of Cluff are now shareholders of Holdings. Thus, Council of The Stock Exchange has granted permission to deal in the Unlisted Securities Market in the 42,172,141 optimary shares of 25p each in Holdings. It is emphasised that no application has been made for these securities to be admitted to listing.

The terms of the outstanding warrants to subscribe for shares In a terms of the dustaining warrants to substribe for shares in Cluff have been varied so that upon exercise of his warrants each warrantholder will receive a number of Holdings shares equal to the number of the Cluff shares he would have received had the Scheme never been implemented.

Dealings in the Holdings ordinary shares of 25p each are expected to commence today. Dealings in Cluff warrants continue

Particulars of the Scheme and the variation to the terms of the warrants are available in the statistical services of Extel Statistical Service Limited and copies of such particulars may be

Samuel Montagu & Co. Limited 114 Old Broad Street London ECZP 2HY

Panmure Gordon & Co. 9 Moorfields High Walk London EC2Y 9DS Wood Mackenzie & Co. Limited 62-63 Threadneedle Street London EC2R 8HP

8th July 1985



ENTE NAZIONALE PER L'ENERGIA ELETTRICA (ENEL)

U.S. \$100,000,000

Floating Rate Debentures due 1989 Convertible at the holders' option into

13% Fixed Rate Debentures due 1992 Guaranteed by the Republic of Italy

In accordance with the provisions of the Debentures, notice is hereby given that for the six months Interest period from 8th July, 1985 to 8th January, 1986, the Debentures will carry an Interest Rate of 8¼ per cent per annum and that the interest payable on the relevant Interest Payment Date, 8th January, 1986 against Coupon No. 7 will be U.S. \$421-67.





U.S.\$50,000,000

In accordance with the provisions of the Notes notice is hereby given that for the six month Interest Period from July 8th 1985 to January 8th 1986 the Notes will carry an Interest Rate of 8.25% per annum. The Coupon amount payable on Notes of

Tarmac considers

BBA makes good start in first five months

BY CHARLES BATCHELOR

TARMAC, the quarrying and out of total Tarmac profits of civil engineering group, may 100.6m in the year ended make a private sale of Plascom. December 1984, compared with its oil and gas exploration and 44m out of a group total of production company, following 205.6m the year before, its decision last month to shelve Plascom last year received, for plans for a public flotation. A the first time, a full contribution private sale could value Plascom from its 0.25 per cent interest in BP's Forties Field and carried out what it called "further weighing up "a lot of offers and approaches" for either part or all of its 92 per cent holding in Plascom These approaches were

TRADING in the first five months of BBA's current year shows a considerable improvement over the corresponding period while the integration of Cape Automotive, purchased frum Cape Industries for £15.75m, is proceeding satisfactorily. The benefits of the Cape acquisition will appear in the second half of the year.

The update from the Yorkshire-based manufacturer of brake linings and conveyor belting comes in its formal offer document for Synterials, the Dutch-based USM company which manufacture precision moulds and reinforced plastics. Last month the directors of Synterials agreed to an offer from BBA valuing the company at £14.75m. Synterials, which made an operating loss of £35,000 in the half year to March 1985 before interest received of £963,000, has forecast that it will continue to make an operating loss for the full year. However, this will be more than offset by interest received on surplus funds prior to the capital reduction which would have resulted in some £10.27m being returned to Synterials directors holding 19.71 per cent of the shares have already given irrevocable undertakings to accept the offer and not to elect for the partial cash alternative.

An extraordinary meeting bas here alled by BPA for Tuly 28

alternative. alternative.

An extraordinary meeting has been called by BBA for July 26 to consider an increase in *he authorised capital and to approve the acquisition.

F.T. Share Information The following securities have been added to the Share Information Service—
Abbeyerest (Section: Drapery and Stores). Clayform Properties (Pro-

perty) Datren International (Electricals)
Leisure Investments (Leisure)
Nationwide Building Society
12ipe 9/6/86 (Loans-Building
Societies)
Racal Electronics 7pc Conv.
Uns. Loan Stock 2009/14 (Electronics)

tricals) Viewplan (Leisure)

SHORROCK, maker of advanced electronic security systems and equipment, which obtained a list-

equipment, which obtained a listing in March, has acquired the business and certain assets of Shorrock U.S. for £972,000 (\$1.25m) cash. For the year to end-March 1985 Shorrock U.S. had a turnover of \$1.97m and pre-tax profits of \$191,000.

TEOLLISUUDEN YOIMA OY (TVO Power Company)

US\$109,000,000

Hosting Rate Notes due 2004

Notice is hereby given that the

Notice is hereby given that the Rate of Interest for the first Interest Sub-period of the Interest Period ending on 9th October 1985 has been fixed at 8½% per annum. The amount payable for the first Interest Sub-period will be US\$69.43 and will be payable together with the amounts for the second and third Interest Sub-periods of the said Interest Period on

of the said interest Period on 9th October 1985 against sur-

Manufacturers Hanover Limited

Agent Bank

render of Coupon No. 6.

making private sale of Plascom

Plascom. These approaches were made after the decision to post-pone the flotation had been

Sea. Plascom is headed by Mr David

Plascom is headed by Mr David Plascom. These approaches were made after the decision to post pone the flotation had been announced.

Tarmac has not definitely dropped the idea of a flotation, though uncertainty surrounding the price of oil and the poor state of the oil share market have made this option uncertainty of Plascom to Tarmac intended to sell only 25-35 per cent of Plascom.

Shareholders in the 8 per cent of Plascom contributed pre-tax profits of between f5m and f6m include T. R. Energy and Scotprofits of between f5m and f6m include T. R. Energy and Scotprofits of between f5m and f6m include T. R. Energy and Scotprofits of profits of between f5m and f6m include T. R. Energy and Scotprofits of profits of pro

Optometrics profit in line with forecast

COMPANY NEWS IN BRIEF

DESPITE THE strong U.S. dollar and high interest rates continuing to have an adverse impact on international trade, Optometrics (U.S.), specialists in the design and manufacture of optical components and instruments for use with lasers and fibre optics, achived its profits forecast for the year ended March 31 1985.

The company's U.S. and UK operations showed significant advances over the previous year, Mr Frank Denton, chairman, says in his annual review, the result of which the group turned in pre-tax earnings of \$502,000 (£381,000), compared with \$106,000.

Turnover of this USM concern are with 2.5 and U.S. company to distinct the group is well position in the current year with an order book approaching \$1m. Performance to date, he adds, is running well ahead of the same period last year.

The group is taking "a more aggressive marketing posture to broaden its customer base" as well as promoting the company's newly-introduced line of Mini-Chrom peripherals in fibre optics products.

Early in the current year the group's UK operations added another major U.S. company to its customer list with an initial order of £70,000 "which should significantly strengthen its U.S.

Turnover of this USM concern amounted to \$2.65m (\$2.34m) and after tax of \$166,000 (\$9,000) earnings came through at \$336,000, compared with \$97,000 giving earnings per share of 3.6 cents, against 1.2 cents.

equity participation.

THE KINGDOM OF DENMARK

U.S. \$250,000,000
Floating Rate Notes due 1990
In accordance with the provisions of the Notes, notice is

hereby given that the rate of interest for the next interest period has been fixed at 8%

period has been fixed apper cent per annum. The Coupon Amounts of USS212.43 for the USS5,000 denomination and USS10,621.53 for the mill denomination will

be payable on 9th January 1986 against surrender of Coupon

cturers Hanover Limited Agent Bank

KNUTSFORD MOTORS. MENT TRUST net asset value

ENTE NAZIONALE

PER L'ENERGIA ELETTRICA

U.S. \$100,000,000

Floating Rate Debentures due 1987.

Convertible at the holders' option into

9¹/₂% Fixed Rate Debentures due 1995

Guaranteed by the Republic of Italy

In accordance with the provisions of the Debentures, notice is hereby given that for the six month Interest period from 8th July, 1985 to 8th January, 1986 the Debentures will carry an Interest Rate of 8 1/4 per cent per annum and that the interest payable on the relevant Interest Payment Date, 8th January, 1986 against Coupon No.11 will be U.S. \$421.67.

Instituto Nacional de Industria

U.S.\$150,000.000

Floating Rate Notes due 2000
In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the last three months of the Interest Period ending on 9th October, 1985, has been fixed at \$1% per annum. The interest accruing for such three-month period will be U.S.\$210.83 in respect of the U.S.\$10,000 denomination and U.S.\$270.83 in respect of the U.S.\$250,000 denomination and will be payable together with the interest for the first three months of the said Interest Period, on 9th October, 1985, against surrender of Coupon No. 3.

8th July, 1965

Manufacturers Hanover Limited

Reference Agent

Coupon No. 3.

The Bank of Tokyo, Ltd. London

for £2m By David Goodhart

the deal.

the deal.

Millbank has valued Towngrade at about £1.7m on the basis of a 31.5p share price. Sir Edward Du Cann, the Conservative MP and chairman of Lourho, is also the chairman of Towngrade and has accepted an invitation to remain so. an invitation to remain so.

Millbank has had to make a

Plan to oust Wm. Mowat directors

Dissident shareholders, led by property developer Mr Brian Dunlop, are hoping to oust the directors of William Mowat, the

between 20p and 25p.

Mr Dunlop claims that the
Mowat directors have been seeking the power to issue shares
without shareholder approval. If his coup is successful he is expected to merge the company

Millbank acquires **Towngrade**

| \$59 | F.P. | \$60 | \$68 | \$\times ATA Selection 5p. | \$60 | \$60 | \$66 | \$6.6 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 | \$6.5 |

formal offer for the remaining 29.3 per cent of Towngrade Securities, but it is eagear to retain a quote through Town-grade and is expected to sell

any extra shares it does acquire.

another major U.S. company to its customer list with an initial order of £70,000 "which should significantly strengthen its U.S. business," the chairman states.

Mr Denton adds that it is the group's hope that world currencies will become more stable "and this should enhance its international sales position."

expected to merge the company with his Peerglow Developments of Hertford.

He says he has the support of 60 per cent of the shareholders in seeking to unseat the chairman, Mr William Lomax, and three directors, Mr David Britton. Mr William Starkey and Mr R. J. Holland.

TELEFONICA

Millbank Developments, the Milbank Developments, the shopping centre property developr, has reached agreement to buy the share capital of Towngrade, a USM-quoted property company, for just under £2m according to Mr Arthur Oakes, Millbank chairman.

Millbank—controlled by Mr Oakees through a 75 per cent stake—wil lacquire 70.7 per cent of Towngrade Securities, a related company as a result of the deal.

property company, at an extra-ordinary general meeting today. The company, which has a nominal capital of film, has been trading on the over-the-counter market with a share price of

RIGHTS OFFERS

issue		Latest Renunc.	1985		Stock	Closing pried	 +∘
price	4 2	date	High	Low	,	52	·
	F.P.	16/8	53	50 27	:Ansbacher (H.)	50 27	ļ
Ir.0.40	F.P.	! =	36 lg 4 lgpm		taran Energy 20p		ļ,
145	Nii		30pm	1500	n.本Blue Arrow		
10	F.P.	! —	14	11.	- Ecobric A £1	14	·
190	F.P.	9;8	245	235	Emess Lighting	235	١
220	F.P.	26/7	239	219	English China Clays	223	+2
210	[F.P.	· —	242	209	Evered	209	!
	100	i —	123	99	Hanson Trust	104	1+3
250	I NII	: -	, 45pm	מעס2	n London United 20p	20pm	
285	NII	:			n Milis & Allen		į
180	NII		1712pm	Зоп	n Sunjight Service 10p	3pm	<u>.</u>
370	F.P.	: -	420	382	Taylor Woodrcw	420°	l + 12
600	Nil	! -	, 90pm	43pn	Union Discount £1	55թու	!

FIXED INTEREST STOCKS

issue ven de se 1985

RECENT ISSUES

EQUITIES

Renunciation data usually last day for dealing free of stamp duty. 5 Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's samilings. p Pance unless otherwise indicated. I Issued by tender, 1 Offered holders of ordinary shares as a "rights." * Issued by way of capitalisation. §§ Reintroduced. §¶ Issued in connection with reorganisation marger or takeover. ■ Allotment Istters or fully paid. If introduction. § Unlisted Securities Market. § Placing price. §§ Dealt in under Rule 535 (3).

PENDING DIVIDENDS

Cheshire-based Ford main dealer, has been bought by Mr John E. Lawley, with the co-operation of the Ford Motor Company and the assistance of Lombard North Central, National Westminster Bank, and County Bank Development Capital which is taking an emitty participation. Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

Date	Announce- ment last year	Date	Announce- ment last year
Associated		LonrhoAug 2	
Newspaperjuly 9		*Magnet and	
BETJuly 19		SouthernaJuly 10	Finel 2,7
BarclaysAug 2		*Mercentile	
BritoilJuly 12	Interim 3.3	HouseJuly 31	Final B.25
Brown (J.)July 24	Final all	uly 25پاسلہ۔۔۔ Midland Bk	interim 11
Burnett and		"NatWestJuly 30	interim 12.0
HallawshireJune 22	Finel 4.75	Nottingham	
Charter ConsJuly 17	Final 7.25	uly 23 للـوMlg	Interim 1.45
Commercial	_	Ocean	
UnionAug 7	interim dua	TransportAug 1	interim 2.15
Davy CorpnJuly 18		Prop Sec	
Dee CorpsJuly 25		Inv. TatAug 8	Figal 1.5
DistillersJuly 17		*Rank	
DixonsJuly 17		OrganisationJuly 11	Interim 4.8
lly 19پالد Dowty	Final 28	*Ratners ,July 15	Final 1.63
GestetnerJuly 18		*Rothmans	
Glynwed Int Aug 6		IntiJuly 11	Final 4.0
GranadaJuly 11	interim 2.3	Royal	
Great Universal		Dutch PetAug 9	Interim due
StoresJuly 19	Final 10.5	*STCAug 10	Interim 3.25
Greycoat		Shell	
City OfficesJuly 12	Final 0.8	TransportAug 9	interim 11,9
GKNAug 7	interim 4	TI,Aug 9	Interim 6
Hasiemere		*Union	
EstatesJuly 12	Final 6.61	DiscountJuly 17	interim due
iCiJuly 25	Interim 12	●Vantons	
Imperial GpJuly 12	Interim 3.Q	uly10ـــانy10 کانوال	Interim 4.0
lax Şarvice الالمد 26	Interim 4.1		
Johnson		 Board meeting intim 	
MattheyJuly 12		Issua since made. ‡ Tax	
Lioyds BenkAug 2	Interim 9.5	issue since made. 1 Fo	recast.

Standard & Chartered

shares is increased from 12.25p to 14p. Turnover amounted to COMPANIA TELEFONICA F2.22m (£2.76m) and net revenue Nacional de Espana has placed

came through at £615,000, compared with £564,000. Earnings with UK institutions. per ordinary share were 12.28p (11.48p) and 18.18p (14.58p) per HARVEY & TOMPSON has

per ordinary share were 12.28p (11.48p) and 16.16p (14.56p) per deferred.

HARVEY & TOMPSON has acquired the assets of Wilkins Brothers, pawnbrokers, for £300,000 cash, and has agreed to buy the jewellery stock for an has acquired the 15-pub West Midlands brewery of J. P. Simp-kiss and Son for £1.8m. Con-

BOARD MEETINGS

TODAY

Interims:—Goring New,
Brookes, SGB.
Finals:—Barrie Investments and
Finance, Batleys of Yorkshire, A. F.
Bulgin, Carclo Engalearing, Gilbert
House Investments, F. H. Lloyd, Mamcom International, Vinten, Wight

FUTURE DATES

Kershaw (A.)
Leisuretime International
Rank Organization
Rank Precision Engineering
Securiguard
TSL Thermal Syndicate
Tacs

Pleming Enterprise Invest, Tst.
Fleming Technology Inv. Tst.
Park Food
Warehouse

Vantona Viyella

Standard Chartered Finance B.V.

US\$200,000,000 Guaranteed Floating Rate Notes 1994

Guaranteed on a subordinated basis as to payment of principal and interest by

Standard Chartered PLC (Incorporated with limited liability in England)

In accordance with the provisions of the Notes, notice is hereby given that for the six months period (184 days) from 8th July, 1985 to 8th January, 1986 the Notes will carry interest at the rate of 8 % per cent, per annum.

The interest payment date will be 8th January, 1986. Payment which will amount to US\$415.28 per US\$10,000 Note, will be made against surrender of Coupon No. 4.



J. Henry Schroder Wagg & Co. Limited Agent Bank

957-961 (+1)

Based on FT Index

Tel: 01-427 4411

CHARTER CONSOLIDATED P.L.C.

Following reclassification. our share quote now appears under the Industrials section in this paper.

All enquiries to the

Granville & Co. Limited

8 Lovat Lane London EC3R 8DT Telephone 01-621 1212 **Over-the-Counter Market**

						P/1	
Capitalisatn.			Change	Gross	Yield	•	Fully
E0000.2	Company	Price	on week	div.(p)) %	Actual	taxed
4,580	Ass. Brit. Ind. Ord	135	- 1	6.6	4.6	7.5	6.9
.,	Ass. Brit. Ind. CULS	138	ż	10.0	7.2		
2,605	Airsprung Group	45xc		6.4	14.2	7.5	9.8
925	Armitage & Rhodes	37	+ 1	2.9	7.8	4.6	7.7
47.998	Bardon Hill			4.0	2.6	19.5	20.3
3,520	Bray Technologies	64	• -	3.9	6.1	7.8	9.0
567	CCL Ordinary	162	_	12.0	7.4	4.0	3.8
1,312	CCL 11pc Conv. Pref	105		15.7	14.9		
7,727	Carborundum Ord	129		4.9	3.8	6.4	10.0
588	Carborundum 7.5pc Pt.	84×0		10.7	12.7		
3.600	Deborah Services	45		5.5	14.1	4.4	7.1
29,080	Frank Hotsell	455	+117	7.4	0.3	11.6	74.9
	Frank Horself Pr.Ord,87	369	+99	11.9	3.2	9.5	12.2
3,900	Frederick Parker	27	-1	_		_	
1.180	George Blair	64	+ i	_	_	4.3	8.6
812	Ind. Precision Castings	20	· —	2.7	13.5	5.5	5.9
14,132	isis Group	180	+ 3	15.0	8.3	7.1	12.9
5,572	Jackson Group	107	– ĭ	5.5	5.1	7.2	7.2
31,893	James Burrough	230	- ż	15.0	6.5	7.3	7.3
3.085	James Burrough Spc Pf.	89	_	12.9	14.5	_	
9.687	John Howard and Co.	52	- 2	5.0	5.4	7.3	11.5
3,568	Linguaphone Ord	216	- 4	_	_	7.9	8.3
·· —	Linguaphone 10.5pc Pf.	92	_	15.0	16.3	_	
16,496	Minihouse Holding NV	606	– s	5.9	1.1	26.6	25.2
694	Robert Jenkins	68	_	5.0	7.4	_	
	Scruttons "A"	33	_		_	_	8.5
1,830	Torday & Carlisle	75	_	50	6.7	3.8	69
	Trevian Holdings	325		4.3	1.3	18 5	18.2
4,710	Unitock Holdings	30	. —	1.3	4.3	74 6	21.0
	Waiter Alexander	102	+ 2	7.5	7.4	7.7	11.0
	W. S. Yeates	221	_	17.4	7.9	5.3	1D.8
Prices e	nd details of services no	w ave	iabie on	Preste	L pag	ja 4814	6

P.R. Dept. 01-353 1545.

LADBROKE INDEX

FINANCIAL TIMES STOCK INDICES

	5	4	3 ;	2	1 .	28	High	Low	High	Low
Government Secs.	82,28	82.07	82.03	81.96	81.92	81.70	82,28	78,02	127,4	40.0
Fixed Interest	86,95	86.85	86.78	86.74	86.67	85.38	86,95	82,17	150.4	60,0
Ordinary,	955.7	961.9	942,3	954,3	952,5	9,886	1024.5	928.7	1024.5	40,0
Gold Mines	410,B	405.7	407.2	406.9	420.B	425.1	535,9	405,7	754.7	45.4
FT-Act All.Share	607.21	602.13	598,52	604,24	600,52	595.54	644,21	581,68	644,21	61.2
FT-SE100	1260,0	1249,1	1239,3	1250,B	1246.8	1234.9	1324,4	1206.1	1342.4	985,9

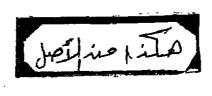
The Sumitomo Bank, Limited

Floating Rate Notes due January 1991

U.S.\$5,000 will be \$210.83.

Agent Bank FIRST CHICAGO

حلدامن المصل



Financial Times Monday July 8 1985 INDUSTRIALS—Continued Biology Continued Biology C	PROPERTY—Continued INVESTMENT TRUSTS		. 29 MINES—Continued
Paid Stock Price of Net Cwr 6r's PE Oct Aprillarly 8 8 113 3 75 22 67 97 Feb. Oct Marting Ind. 100 91 74 125 115 6 2 3 107 Dec Aprillarly 16 10 6 29 17 4 3 3 29 4 Aprillarly 16 10 6 29 17 4 3 3 29 4 Aprillarly 16 10 6 29 17 4 3 3 29 4 Aprillarly 16 10 6 29 17 4 3 3 29 4 Aprillarly 16 10 6 29 17 4 3 3 29 4 Aprillarly 16 10 6 29 17 4 3 3 29 4 Aprillarly 16 10 6 29 17 4 3 3 29 4 Aprillarly 16 10 6 29 17 4 3 3 29 4 Aprillarly 16 10 6 29 17 5 9 Aprillarly 17 5 20 20 20 20 20 20 20 20 20 20 20 20 20	Paid Stack Price ad Net C'er Gr's P.E Paid Stack Price	October NMC imp 12'sp 133,138 10'18 10 616 10 616 11	Disidends Last Dr. Yild
- [PMS106905 1/2" F93 30.6 [T14" 2.3 1839 Jan Ang Internal Do. 134 281 213 28 47210 - PMS106905 1/2" F93 30.6 [T14" 2.3 1839 Jan	Ccc Man Weend Leine 50c 355 7.3 "1945" 19 34 15.3 — Econburgh in Werts 25 — Jan July Lond & Eanstorgh 10s 270 36 6.25 29 33 12 4 Jan. July Electra Inv 14 126 11	Man Nov. Part Place Int 100 156 253 43.75 0.8 43.65 37 11 42 43.65 37 13 40 19 43.65 36.11 43.65 36.11 43.65 36.11 43.65 36.11 43.65 36.11 43.65 36.11 43.65 36.11 43.65 36.11 43.65 36.11	— 4.0 mole R1 254 - 275
Jan. July Marry an Cruchite 207 55.8 8 B I 6 5 55.14.9 Acr. Selectial Tech int 200 157 1 90 25.9 39 2 213.5 Marry 46thorn (WF PA 20b. 31 - 06.5 6 25.6 Acr. Dec. Mechanisms (Dec. 1177 1173 1175 1175 1175 1175 1175 1175		5.2 1 25 1.2 2.3 Mar Dec'Mespaco Inv	Diamond and Platinum NayAngo-am into 50c 644 29 4 0590c; 1.0 5 3
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Deligic Pair 94-02 E176 Q115a 66.6 April Totterham Horsau 66 11.2 38 16.1 87 16.0 16.5 17 16.0 17 17 17 17 17 17 17 17 18 1	Aug Janifeganan	22 1 0 2 3 Jan. July Sterman 1 280 79.4 430.75 20 59 9.9 10 6 80 10 41 Feb. Aug. Dolly etc. 19.9 6. E7949 7 689-916 2 e122 1 3 11.275 1 0 1 2 9 1 1 (Caterona off Cl. 470 6 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	April East Rand Con 5p 77 15-4 10 75-6 130 Nonember Gerbert R1 975 22-2 (21384) 12-2 5-4 Oct. Blayticeron 40: 21-9 113-25-3 (1904) 12-6-4 Mar Oct Glid Feris S-1a 5 12-35-2 (1906) 21-3 1 Feb. Oct. Jir targ Cons. R2 584 112 (1906) 21-3 1 Feb. Oct. Jir targ Cons. R2 584 112 (1906) 21-3 1 Rug. Feb Massle Wit 25: 825-2 7 (2005) 4 50
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Anc. Oct. Do. 11st Con. \$100 \$73 U.5.4 Q11% (110.7) March State Con. Europe Sec. 82 25.3 1.71/3.2 3.0/15.0	Dividents Control Dividents Divide	Yid Yid Yid Het Cre Gris YiE 1.22 1.3 1.8 -	Indicated dividend after pending scrip and/or rights issue, cover relates to previous dividend or forecast. Plenger bid or reorganisation in progress. Not comparable. Same interim reduced final and/or reduced carmings indicated forecast dividend; cover on earnings indicated by latest inferim statement. Cover allows for conversion of shares not now ranking for dividends or ranking only for reduced carmings and may be retained.
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ACROSS 1 I'm off food and water (8) Water jump (6) 10 Doesn't lose in cutting the 11 The claims set out by one seeking gold (9)

12 Overtime pay for a barman 13 A demonstration, and what is wrong about it (3-2)
14 Protection for king caught an intriguing situation

15 Is angry about the shrub (7) 18 Tiny set-back in the fight for fast U.S. motor traffic (7) 20 Where gambling is a bad thing in company (6) 22 Sort of marbles Nigel played with (5) 24 He glosses over things (9)

eccentric (9)
26 Leaves 50 out on the roof 23 She upsets Edgar (5) 27 Want to disguise hatred (6) 28 Tightly packed Wimbledon

Fı

1 Earber-shop singer (6) 2 Check the power of support?

3, 4, 3) 4 Hide article in play (7) 6 They're not after work (8, 7) 7 I do it wrongly, being a fool

(5) approaches (4, 4) 9 Are they made by scratch teams? (6) 16 Tom's vital statistics (4, 5)

17 Influenced in an unnatural way (8) 19 Gives in or gives out (6) 20 Risk of getting left in church

25 Lamentable end to rich 21 Good health shown by pro-eccentric (9) fessional model (6)

The solution to last Saturpacked Wimbledon day's prize puzzle will be pubmay well enjoy it lished with names of winners next Saturday.

, WEEK'S FINANCIAL DIARY

TODAY

Visht Collins Rutherford Scot Totarius:

TOMORROW COMPANY MEETINGS-

Young & Co's Hintel. Lillie R ROARD MEE' Finals: Evans of Ledds Integral Leisurg REA Stirling Group Integrals: Associated New

pivinenn a interest Payments-Pasis Corp 3cp Caler Aller Hidgs 20.875p Cales Grp 3 4p Caler Hidgs 20.875p Caler Hidgs 3 6 pp Goldberg (A.) 0.5p Caler Hidgs Gtd Fitz Rate Nis

Goldberg (Au) of the life had learned into large the large terms of th

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last

Cater Allen Hidgs, 1, King William Street 8E, 12.00 Goldberg IA-1, Albany Hotel, Bothwell Street Glesgow 11.30 Southern Counties Agricultural Trading Society, Brigham Young Hall, Staple Garden, Winchester, 2.30 Summer IA-1 Great Eastern Hotel, Liver-pool Street, EC, 12.00

GR DIVIDEND & INTEREST PAYMENTS-DIVIDENU DE PRINCE DE PROPERTO DE L'ANDIENT DE PROPERTO DE PROPE or Milibank Tower. 21-24, Mill-5W 12-00 White Group. Merchant Taylors 30 Threadneedle Street. EC 12-00 ARD MEETINGS—

Sandhurst Marketing 0.712p Spervs Automotive & Eng Products 1.525p Standard Chartered Finance Gtd Fitg Rate Nts 1994 \$380.28

S-DS 24PC SUMBAY JULY 14 ND & INTEREST PAY Sign 1989-2004 14pc 3pc 1987 11pc 124-pcLn 1993 64pc 13pc 2000 6:pc

THE TYNDALL STERLING MONEY ACCOUNT

THAT GIVES YOU MORE

The Financial Times Conference Organisation is pleased to announce two major industry conferences for the 1985 Autumn season.

WORLD MOTOR CONFERENCE Frankfurt, 12 & 13 September 1985

World Motor at Frankfurt on September 12 and 13 coincides with the auto show and continues the tradition of major FT forums on the industry. Signor Umberto Agnelli, Mr Bob Lutz and Mr Barnard Hanon are three of the leading speakers on the prospects for the large manufacturers in the light of strategic thinking over globalisation. Dr Eberhard von Koerber of BMW will address himself to the outlook for the specialist manufacturers and Signor Paolo Cantarella of Comau will lead the section on

THE STRATEGIC DEFENCE INITIATIVE AND EUREKA London, 4 & 5 November 1985

take the Chair. A number of European companies will also be participating in addition to U.S. consultants with expert advice on the aspects of SDI research to those who notify the Financial Times Conference

All enquiries should be addressed to:

Conference Organisation Tel: 01-621 1355 (24-hour answering service)

Financial Times Conferences

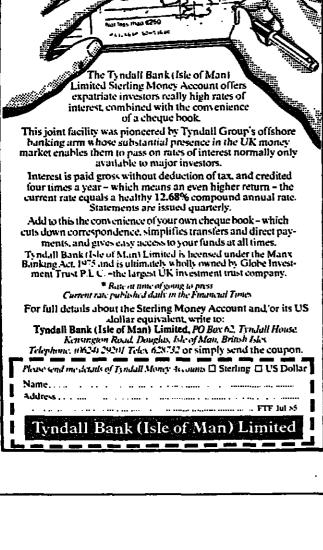
process technology.

The Strategic Defence Initiative, Eureka and the Opportunities for European Business form the subject for a senior management conference to be given at the Skinners' Hall in the City of London on November 4 and 5. Unusually for an FT conference, this meeting will be private. Speakers have been invited from the United States and Entitle Covernments and these United States and British Governments and there will be major contributions by German and French politicians. Lord Chalfont, former British Minister and currently Director of Lazards and IBM (UK) will that look most promising and the best reasons to arrange involvement in this adventurous programme. Full details of this conference, to be limited to 100 participants, will be available in the middle of August Organisation of their interest.

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			Brown Shipley & Co. Ltd		460144	G. & A. Trust (a) (g)		0277 227300	Lioyds Sk. Valt Tst. Na Argitize's Dipt., Garley-by-Se 502541.	gis, Lis. 2. Worthin	W.Sr. 0903
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NOTICE OF REDEMPTION TO THE HOLDERS OF City Investing Finance N.V.

Guaranteed Floating Rate Notes Duc 1986 (Convertible into 8147; Guaranteed Notes due 1991)

NOTICE IS HEREBY GIVEN that, pursuant to the Fiscal Agency Agreement dated August 1, 1870 among City Investing Finance NV, the "Company"s, City Investing Company as Guaranter and Manufacturers Hapover Trust Company as Fiscal Agent, the Company has obserted to redoem all its outstanding Guaranteed Floating Rate Notes due 1986 at 160° of their principal amount, on August 1, 1885.

Interest on the Notes will course to occur on August 1, 1986.

The August 1, 1885 and subsequent coupons should be detached and presented for payment in the usual manner. The Notes will pay accrued interest in the amount of \$465 in per outpoin.

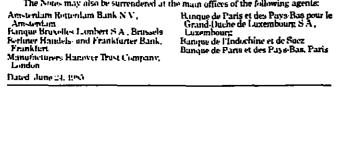
The Notes may also be surrendered at the main offices of the following agents:

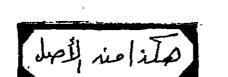
If By Had Manufacturers Hanover
Trust Company
Company Paying Department
P.O. Box 2882, GPO Station
New York, New York 10116

if per coupon.

The Notes may be presented for payment at the following addresses:

Manufacturers Hanover Trust Company 130 John Street Corporate Trust Window Ground Floor New York, New York





31 Financial Times Monday July 8 1985 -01 111 -01 113 +02 059 +03 059 +03 059 +03 059 +03 059 +03 059 +03 059 +03 059 +03 059 +03 189 +03 189 +03 189 +03 255 +03 25 **AUTHORISED UNIT TRUSTS & INSURANCES** General Portfolio Life (ns. PLC Crosstrein St. Chestum, Hots. PLC Crosstrein St. Chestum, Hots. Peribile Pi for St. Peribile Pi for Peribile Pi for St. Peribile Pi fo 0992 31971. -0.1 --0.2 --0.3 --0.5 --0.5 -+0.1 --0.5 -+0.1 --0.4 --0.4 -03-650 55 -5.14 -5.29 +0.55 -6.27 -6.27 -6.24 -1.05 -5.77 866 | F. 함 라 는 | | | Prices for cather hands mallable on 01-51
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Charles Han. Ltd. 138.68 (1-606 1066 1.55 2.40 -510 6.23 -00.5 2.86 +0.5 2.86 +0.5 12.66 | Property 253.7 254.6 264.1 365.9 251.9 251.9 262.6 176.2 91.3 166.1 169.2 165.2 105.2 105.2 106.9 +13 549 +02 7.06 +04 7.06 +04 7.06 +05 522 +08 221 र्ट्टिइड्डिय्टी है। इट्टिइट्टी Deposits 17.2 L.
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HIS Service Life Asser. Ltd.
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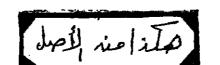
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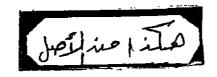
Roy | Committee | Comm | Control | Cont Premiess Life Assurance Co. List.

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INSURANCE, OVERSEAS & MONEY FUNDS Money Market The second secon





WORLD STOCK MARKETS

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ind	ices	CANADA	BELGIUM/LUXEMBOURG	AUSTRALIA	JAPAN
NEW YORK DOWJONES		Sales Stock High Low Diese Ching	1985 July 5 Price Frs. 2,030 1,750 8.8.L 2,010	1989 July 5 Price High Low Ausz, 8	, 1985 July 5 Price High , Low Yen
July July July June 1985 Since Complit 6 3 2 1 38 High Low High Low	July July July July 1985 5 4 3 2 High Low AUSTRALIA AUSTRALIA AU 074,171/80) 882,4 874,7 889,8 860,7 \$94,5 (20%) 715,3 (7/1)	TORONTO Closing prices July 5	2,030 1,750 B.B.L. 2,010 6,500 5,750 Banq, Gen Lisx 6,300 6,200 5,450 Banq, Int. A. Lisx 6,020 6,220 4,380 Bokaert B. 5,760 2,710 2,350 Ciment CSR 2,520 287 206 Cockeril 2252	F.95 4.53 ANZ Group 4.55 1.15 1.05 Altance Oil Dev. 1.03 2.11 1.75 Ampel Pet 1.85 1.16 0.75 Ashton 1.16 2.65 1.88 Aust. Cone. Incl 2.61	1,570 1,040 Ajinomoto 1,150 2,097 1,460 Alps Electric . 1,560 1,134 870 Amanda 965
eindustri'is 1354,45 1326,58 1534,01:1637,14 1536,48 1557,14 1184,96 1657,14 .41,22 (41) (177,65) (27,82) H me Bnde 80.09 79,82 79,60 79,41 79,43 80,24 72,27 72,27	Metals & Minis, (1/1/80) 514.9 511.5 ; 519.4 506.4 585.8 (29.5) 562.5 (7/1) AUSTRIA Credit Aktien (2/1/62) 78.79 180,80 102.98 102.62 105.78 (17/8) 85.21 24/1	4483 Abri Pros \$18 171, 18 -1, 1200 Agnico E \$157, 153, 153, 153, 1891 Att Energy \$191, 18 191, +3, 1200 Alta Nat \$141, 141, 141, 2300 Algoma St \$201, 201, 201, 201,	9,500 5,530 Delhaize 8,710 5,140 2,770 EBES 2,970 B.870 8,000 Electropet 8,720	3.4 2.3 Aust. Guarantee, 2.45 3.0 2.28 Aust. Nat. Inds 2.42	928 850 Asahi Glass 885 882 500 Bridgestone 376
Transport 678.96 675.09 673.81 672.64 664.09 678.96 553.03 678.96 12.32 (5/7) (4/1) (5/7) (8/1) (8/7) (8/	BELGIUM Brussels SE (1/1/60) 2547.76 2349.59 2885.91 2,321,77 2884.12 (5/6) 2990.7 (18/1)	11470 Arm / 510 07 10 14	2,205 1,870 GBL (Brux) 1,900 4.330 3.575 Gevaert 3,875	7.36 4.7 Sell Group	2,060 1,510 Casio Comp1,530 1,250 1.000 Chugai Pham1,020 596. 427 Critzen
Trading Vot (21/6) (4/1) (21/6/85) (28/4/42) (000 t 62,450 98,410 111,070 96,080 105,248 — — — — — — — — — — — — — — — — — — —	DENMARK lopenhagen SE (8/1/86) 202,18; 200,88 200.88 (u) 202,15 (5/7) 158,44 (8/1) FRANCE	550 BP Canada 331½ 31½ 31½ -1½ 178692 Bank BC 557 5¼ 57 +1½ 103529 Bank N S 514 137 137 137 22900 Bantick o 132 128 128 -2	2,350 2,025 Intercom	4.05 5.45 Brambles Ind 3.78 2.65 2.05 Bridge Oil 2.48 6.64 4.34 B. H. Prop 6.38	754 605 Dalei 709 1,190 925 Dai Nippon Ptg. 1,170 693 532 Dailwa Pouse 693 494 329 Ebara 471 2,002 1,183 Elsai 1,310 9,300 7,190 Fanue 7,800
Industrial div. yield 3 June 28 June 21 June 14 year ago (approx 4.59 4.60 4.71 5.00	CAC General (51/12/62) 278.60 221.5 226.5 224.7 235.1 (51/6) 180.5 (3/1) (nd Tendance (28/12/64) 124.10 126.5 127.2 127.6 183.4 (31/5) 100.1 (5/1)	6 1800 Declares AEE AEE AEE E	12,300 10,550 Royale Beige 12,050 3,500 3,050 Soc. Gen. Bang 5,420 2,090 1,615 Soc. Gen. Beige. 1,820 9,010 6,770 Sofina	7.4 4.28 CRA	1,830 1,290 Fuji Bank . 1,830 2,040 1,550 Fuji Film 1,960 1,320 912 Fujisawa 912 1,260 971 Fujitsu 1,000
STANDARD AND POOR'S July July July July July June 1985 Since Comp'n	FAZ Aktien (31/12/58) 502,62 486,53 495,63 486,08 502,62(5/7) 882,59 (8/1) Commerzbank (1/12/53) 1486,2 1475,8 1482,4 1432,8 1486,2(5/7) 1111,8 (3/1) HONG KONG	1000 Braiome 455 455 455 -5 1200 Bramalea 5185 185 185 185 185 185 185 1	4,670 3,825 Solvay	0.45 0.31 Consolidated Pet 0.32 1.8 1.25 Costain Aust 1.8	3,540 1,600 Green Cross 2,250 478 352 Hasegawa 466
July July July June S 7 2 1 28 High Low High Low Indust'le 212,27 211.12 211.84 212,47 211,92 212,47 128,24 212,47 3,62	Hang Seng Bank(51/7/64) 1570.36 1574.57 1598.16 1591.58 1847.58 (17/5) 1220.74 (2/1)	1200 Bramalea 125	5,715 12,005 Wagon Lits 3,405	2.4 1.86 Duniop Olympic. 2.4 3.63 2.85 Elders IXL 2.95 1.80 1.30 Energy Res 1.66 2.82 2.09 Gen. Prop. Trust 2,23	973 577 Helwå Real Est 870 893 702 Hitzehl 721 1,210 1,050 Hitzehl Credit. 1,090 1,550 1,210 Honda 1,480 793 680 House Food 771
Comp's'te 192.52 191.46 192.01 192.43 191.65 192.62 :165.68 192.52 4.40 (5/7.65) (1/6.52	Banca Comm Ital. (1972) 345,05 342,08 356.25 554,83 545,05(5/7) 228,56 (2/1) JAPAN** Nikkel-Dow (16/5/49) 12965,5 12968,5 12924,5 12,915,7 12969,6 (4/7) 11545,2 (5/1)	512 C Nor Wes \$2394 2384 2384 -14	FRANCE 1985 July 5 Price	3.45 2.9 Hardle James 3.45 2.6 1.59 Hartogen Energy 2.6xc 4.82 3.4 Herald WyTimes 4.45 2.22 1.84 ICI Aust	2,460 1,750 Hoya 1,860 453 523 Itoh(Cl 450 2,790 2,270 Ito Yokado 2,620
Industrial div. yield June 26 June 19 June 18 year ago (approx)	Tokyo SE New (4/1/59) 1037,12 1035,59 1039,17 1,628.2 1037,12 (5/7) 916,33 (4/1) NETHERANDS ANP-CBS General (1870) 221,2 219,9 218,1 217,1 221,2 (5/7) 185.8 (5/1)	290 C Tung \$113 113 113 -1 53026 Cl Bk Com \$37 8 387 37 +1 2506 Cdn Net Re 30 30 50 50 +1	High Low Frs.	7.34 5.1 Lend Lease 6.98 3.45 2.23 MIM 2.8	1,480 785 twatsu. 845 570 315 JACCS
Industrial P/E ratio 11,90 11,65 11,54 10,75 Long Gov. Bond yield 10,67 10,22 10,31 13,56	ARP-CBS Indust (1970) 186,5 184,6 185,1 187,5 186,5,577 147,5 (5/1) NORWAY Oslo SE (4/1/85) , 525,11 524,91 324,52 525,76 545,87 (5/6) 288,16 (2/1)	1 1300 Celanese \$814 814 814 1 15350 Centri Tr \$143a 141a 141a	1,775 1,570 Emprunt 49, 1978 1,600 8,899.9 7,356 Emprunt 78, 1978 8,101 300 235,2 Accor	4.44 3.40 , Mai. Aust. Dank 4.82	340 269 Kajimi 325 862 724 Kao Soap 839 735 586 Kashiyama 680 745 548 Kirin 679
N.Y.S.E. ALL COMMON Rises and Falls July 5 July 1 July 2	SINGAPORE Strarts Times (1966) 768, 14 764, 58 765, 17 767, 20 852, 65 (7/5) 758, 14 (5/7)	2800 C Distb A \$61, 6 6 -1, 5400 CDistb B! \$57, 55, 55, 53, 3225 CTL Bank \$107, 103, 103, -1,	2,070 1,501 Bongrain	8.7 5.25 News	1,120 870 Kokuyo
July July July July : High : Low Rises	SOUTH AFRICA JSE Gold (28/9/78) — 368.7 267.9 948.6 . 1148.8 (16/4) 836.1 (11/2) JSE Indust (28/9/78) — 588.0 978.8 974.0 988.0 (5/7) 787.1 7/6	3 Centron A \$1234 1234 1234 - 14 35552 Growthx \$22 2134 22 + 16 13200 Czer Res 179 177 179 - 1	635 503 Club Mediter 529 678 470,8 Cle Bancaire 617	2.00 0.90 Pancontinental 1.78 1.82 1.56 Pioneer Conc 1.62 4.65 2.59 Poseidon 3.4 1.7 1.07 Queensland Coal 1.67	662 510 Kumagai 662 7,100 5,960 Kpqcera 4,000 630 455 Maeda Const 609 1,460 940 Makino Milling 1,030
111,67 111,82 111,45 111,45 112,67 94,60 Unchanged	SPAIN Madrid SE (28/12/84) 108.45 109.85 109.67 108.28 117.41 (4/2) 101.48 (2/1)	34234 Daon Dev 470 450 470 +10 7600 Deon A 425 420 425 +5 8500 Denison B p \$12 12 12 +1 ₄ 9080 Denison B f \$111 ₂ 113 ₈ 111 ₂ +1 ₆	302 . 239.5 Cofimeg	5.55 3.0 Reckitt & Colman 3.55 1.44 1.08 Repool 1.21 6.65 5.04 Santoa 5.7 4.85 3.35 Smith Howard, 4.85	1,280 900 Makita 1,020 378 500 Marubeni 357 684 540 Marudai, 659
TORONTO July July July July Low	SWEDEN Jacobson & P (1768) 1293.45 1507.85, 1820.01 1,521.52 1498.58 (11/2) 1293.45 (5/7) SWITZERLAND	1057 Dickers B \$6 8 6	735 680 Dumez S.A	2.9 1.71 Thos. Natwide 2.08 6.0 5.8 Tooth 6 4.6 3.05 Vamgas 3.95 4.44 2.62 Western Mining 3.82	1,380 952 Maru: 1,240 1,690 1,380 MEI. 1,380 820 625 M'ta Elec Works, 795 1,710 1,320 M'bishi Bank (1,710
Metals & Minerals 1876.6 1874.6 1874.4 1885.6 2190.07 (15.2) 1875.6 (5/7) Composite 2789.50 2727.3 2719.5 2725.3 2766.1 (5/6) 2348.5 (8/1)	SwissBank Cpn. (\$1/12:58) 460.\$ 454.6 455.0 448.8 469.5 16/7) \$262.7 (\$/1) WORLD Capital Intl. (1/1/76) , — 218.5 215.5 216.5 (5/7) 184.6 (4/1)	34526 Dotesco	134 ; 72.6 (metal	4.35 3.85 Westpac Bank 4.26 1.61 0.77 Woodside Petrol 1.04 3.47 8.55 Wootworths 3.1 3.79 3.12 Wormaid Inti 5.71	705 512 M'bishi Corp 675 410 370 M'bishi Elect . 390 874 539 M'bishi Estate . 874 339 234 MHL 335
MONTREAL Portfolio 155,87 135,08 132,86 135,88 135,86 (5/8) 117.00 (4/1)	4° Saturday June 29: Japan Nikkei-Dow 12,923.0. TSE 1,028.67.	2150 Elethom X \$712 73 712 + 12 300 Emec \$1712 1712 1713 + 14	2,595 1,850 Legrand	5,15 6,12 Worldon III . 0,11	420 324 Mitsui Co 412 866 592 Mitsui Estate 863 672 365 Mitsukoshi 619
NEW YORK ACTIVE STOCKS Change Change Friday Stocks Closing on Stocks Closing on traded price day traded price day	Base values of all indices are 100 except JSE Gold—255.7. JSE Industrial—	550 C Felcon C \$153, 155, 153, +1, 6200 Fichbridge \$19 187, 187, 187, 11382 Fed Ind A \$241, 235, 241, +5	2,040 1,815,Moet-Hennessy 1,975 115.5 87.6 Moulinex 89 98.7 72.2 Nord Est	SWEDEN	936 769 NGK Insulators 792 312 210 Nihon Cement. 503 1,480- 1,240 Nippon Denso. 1,380 1,250 997 Nippon Elect . 1,030
John Controls 1,858,600 44 + 1 Southern 758,100 221 — Exxon 1,225,100 524 + 1 Goodyear Tire 748,600 28 —	264.3. Australia. All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10; and Toronto Composite and Metals—1,000, Toronto Indicas hazard 1975 and Metals—1,000, Indicas hazard 1975 and Meta	300 F City Fin \$13 13 13 -1 ₈ 9800 Gendia A \$301, 30 30 -8	96,7 72,2 Nord Est	1985 July 5 Price High Low Kronšr	460 322 Nippon Express 450 2,400 1,180 Nippon Gakki 1,190 146 130 Nippon Kokan 140
MCA 829.000 64% -3% Souibb 813.400 68% +1%	Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavariable.	4900 Gibrathar \$778 758 778 + 18 18500 Goldcorp 1 \$878 834 678 2200 Grandma 72 67 67 - 3	420 240 Peugeot S.A 370 307 177.5 Printemps (AL.), 272.5 334 212 Radiotech 280	140 113 AGA	999 774 Nippon Dil 950 693 504 Nippon Beiko 527 698 520 Nippon Shimpan 172 143 Nippon Sulsan 162 382 325 Nippon Sulsan 382
OVER-THE-COUNTER Nasdag natio	mal market, closing prices July 5	500 Gt Pacific \$3214 3214 3214 - 38 200 Greyhod \$2412 2414 2412	1,480 119.2 Redoute, 1,270 1,790 1,485 Roussel-Uclaf 1,610 270 281 Sedimen 374	180 97 Atlas Copco 103 295 227 Cardo (Free) 237 139 113 Cellulosa 120	12,900 9,360 NTV 11,000 320 226 Nippon Yusen 304
Stock Sales High Low Last Chang Stock Sales High Low Last Chang	Stock Sales High Low Last Chong Stock Sales High Low Last Chong	25954 Hayes D \$12 115 113	1741.7 1,430 Skis Rossignol 1,430 2,760 2,800 setempo Elect 2,570 590 410 Thomson (CSF) 512 260.5 206 Valeo	329 245 Electrolux 8 257 310 249 Eriosson 8 249 410 293 Essette 370	665 602 Nissan Motor 654 648 452 Nisshin Flour 504 184 156 Nisshin Steel 175 1,380 885 Nomura 1,380
(Hindis) (Hindis)	(Hods) (Hods) Reutrit 23e 112 251, 25 251, + 5, Tandem 1712 175, 175, 175,	22081 kmasco 5267g 267g 267g +3g 4300 instal 516 157- 16 ±1.	CEDMAN	188 149 Mo Och Domajo 167 225 171 Pharmacia 184 450 350 Saab Scania Free 400 420 315 Sandvik 365 360 257 Skandia 297	1,430 1,050 Olympus 1,180 5,540 2,690 Orient Leasing . 3,170 3,270 1,690 Ploneer 1,830 739 602 Pengura
Continued from Page 35 Powrisa 10 11 11 11 11 11 11 1	ReyRey 1.24 53 4334 4212 4334 + 114 Tandon 3165 516 5 516 Rhodes .24 25 1212 1216 1216 1216 12 TCCom TCCom TCCom Ribitms 64 8 776 8 Telto 359 1334 1312 1312 1312 1312	2840 Intaind Gas \$201 ₂ 201 ₂ 201 ₂ + 1 ₆ 69550 Infi Thorn \$31 ₆ 8 ⁶ ₂ 91 ₈ + 1 ₉ 2415 Into Pipe \$42 413, 413, -1 413, -1 51315 Jannock \$17 153, 163, 17 + 1 ₆ 1000 Kerr Add \$17 163, 17 + 1 ₆	GERMANY 1985 July 5 Price	57 42 Skan Enskilda 49.5 229 169 SKF 208 171 130 St. Kopparbergs 134	977 850 Ricoh 962 1,400 960 Sankyo 1 190
Osteran 20 7 16% 16% 16% 16% Pricoms 5 12% 12 12 12 12 12 12 12 12 12 12 12 12 12	Ohmi on 149 th, 46 461. TaiPhra 175 87. 82. 87.	19844 Lahati \$26°g 26°g 26°g - °g	High Low Dm 146,2 100,3 AEG-Telef, 138,5 1,565 861 Allianz Vera, 1,508	180 151 Sonesson	499 406 Sanyo Elect. 417 499 499 Sapporo 487 745 535 Sekisul Prefab. 745 9,440 8,330 Seven Eleven. 8,400 1,180 679 Sharp 898
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As Britain's leading watch specialists we offer you a	Space 206 231 223 233 233 234 235 23	2000 Versi A 1 4/0 400 4/0 710 719 7725 Vestgron 555, 61, 61, 61, -14, 100 Weldwod 5161, 161, 161, +1, 1782 Westmin 5131, 13 1314, +1, 1782 Westmin 5131, 13 1314, +1, 17802 Woodwd A 518 19 19 +1, 100 71, Beer 561, 61, 61, 61, 61, 61, 61, 61, 61, 61,	High Low Lire	SOUTH AFRICA	Editor's
specialists we offer you a good deal more! A wide choice of Longines	Sundis 120 327 84 64 64 4 2 Wester 3 130 130 130 130 130 130 130 130 130 1	Total sales 11,095,253 shares	276 165 Bastogi IRBS 248 9.200 3,350 81-Invest 5,380 3,630 2,159 Centrals 5,470 4,560 3,875 Credito Varesino 4,220 3,950 2,065 Flat 3,870	1985 July 5 Price High Low Rand	
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or 24 months at only 12.7% APR Watcheso Switzer and Ita	Sylves	372 Poylinston 5211, 211, 211, +1, 50860 StainbrgA 5222 221, 221, +1, Total Sales 2,205,414 shares	NETHERLANDS	5.0 5.5 Highveld Steel 4.85 15.25 8.77 Nedbank 15.25 15.65 12.75 OK Bazears 14.9 2.55 1 Protea Higs. 2.55	Times
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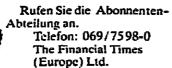
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AMEX COMPOSITE CLOSING PRICES Closing prices **COMPOSITE CLOSING PRICES** | Amount | Property | Property | Amount | Prop | Sack | Dis. | Pick | Bigs | Bigs | Pick | Seed | 16. | 16. | 17. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | 18. | AcmePr Action AdRusi Adrobe Astrobe Airphos Alphala Amada Alexad Amada Arrecs Andid Andid Arrecs Andid Andi PopeEv Presid Preside 7% 512 234 3734 11 63₈ 2014 75 8 512 234 38 8 11 9 612 2038 AGO Hd MCO Rs MSI Dt MSSI Dt MSSI Dt MSFI DT M 11 2072 2 F F 23 534 9 834 101 253 87 3038 70 2214 74 1478 G G 32 5 516 + 18 1324 + 18 826 + 14 3576 + 14 3576 + 16 1476 + 18 5 13½ 8¾ 25½ 29% 21% 14¾ Fidala FlachP .88t 9 FlanEn 1.38t 10 Foresti. 41 FreqEl 17 Frestld 17 Frestld 17 Frestld 18 6 Glorer 16 Glorer 16 Glorer 16 Glorer 16 Grenova .40 13 Grillot .44 16 Grenova .16 Grenova .16 Grenova .16 Grenova .17 Grillot .44 16 Grenova .18 Grenova .18 Grenova .18 Grenova .19 Grillot .44 16 Grenova .18 Gren 478 912 1814 758 214 1518 419 734 414 1634 1218 1012 + 11 61 .32 15 187 .72 8 13 1 11 35 .45 8 464 .40 8 3 .20 93 .21 157 .44 15 100 1.60 71 Banstrg
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CURRENCIES; MONEY and CAPITAL MARKET

f UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible france. Financial franc 61.15-61.25

Sterling — 0.760798 0.563776
U.S. S. — 712 1.00296 0.742211
Canadlan S. 412 21.5350 15.8239
Belglan Fr. 914 61.2608 45.3714
Danish Kr. 7 10.9172 8.08045
Dmark . 612 5.035947 2.25224
Guitder . 512 3.42611 2.53762
French Fr 912 9.25983 1435.44
French Fr 913 1940.53 1435.44
Ven . 5 248.584 183.772
Norway Kr. 8 8,75283 6.47468
Span'h Pta — 173.913 128.737
Swedlah K. 1.5 8,75654 6.47468
Swyss Fr. 4 8,75654 6.47468

4 CS/SDR rate for July 4: N/a.

CURRENCY MOVEMENTS CURRENCY RATES

Guaranty Change %

-7.5 +28.7 -6.4 +2.7 -11.2 -6.4 +6.8 +8.2 +3.2 -15.3 -17.2 +12.1

Bank of Morgan England Guaranty Index Change

82.0 143.1 88.0 112.7 89.4 77.7 122.3 141.0 112.9 65.3 45.5 155.6

1980-1982=100. Bank of England Index

(base average 1975=100).

FOREIGN EXCHANGES

Poor data make dollar suffer

Apart from one or two minor depressing statistics, partly ment statistics have increased because some, including factory pressure for a cut in the Federal orders, looked good at first Reserve's discount rate. Clues schanges had only the U.S. emglance, but finished the week at about the present policy of the economic statistics at the begin-ning of the week, the foreign exchanges had only the U.S. em-

exchanges had only the U.S. employment on Friday to feed on. June unemployment at 7.3 per cent was unchanged for the fifth successive month, but the rise of only 30,000 in non-farm employment, compared with 266,000 in May, was particularly disappointing, and is yet another figure suggesting the economy did not recover sharply in the second quarter

U.S. factor orders in May rose 2.1 per cent, against a fall of 0.3 per cent in April, according to last week's figures, but these included a large amount of defence spending, while May durable goods orders were revised down to a 3.2 per cent rise from 4.1 per cent.

The dollar withstood the early week's Federal Open Market Committee meeting. Federal funds were firm at \$\frac{1}{2}\$ per cent last Monday, without intervention, but the Fed surprised financial markets by adding permanent reserves, through system repurchase agreements on Tuesday, and also added liquidity on Friday

POUND SPOT-FORWARD AGAINST POUND

July 5	Day's spread	Clase	One ments	% p.s.	Three months	P.a.
	1.3130-1.3295	1,3270-1,3280	0.56-0.53c pm	4.93	1,53-1,48pm	4.5
ű.s.	1.7860-1.8050	1.8020-1.8040	0.51-0.42c pm	3.09	1.36-1.22pm	2.8
Canada	4.483-4.53	4.481-4.491	24-24c pm		61 ₂ -61 ₄ pm	5.6
Nethind.	80.30-80.93	80,40-80.50	30-24c pm		80-71 pm	3.7
Belglum	14 31 1-14.37 1	14.631-14.374	31-22-ore pm		9¹-8pm	2.3
Denmark		1.2725.1.2736	0.30-0.14p pm		0.62-0.38pm	1.5
frefand	1.2725-1.2790	3.9812-3.9912	21,-21 pf pm		7½-6% pm	7.0
W. Ger.	3.9817-4.01	22714-23014	230-560c dis		575-1560dis	-18.6
Portugal	2274-2334	2281-229	15-75c dis		110-160dis	-2.3
Spain	22814-229		par-4 lire dis		6-11dls	-1.3
italy	25411-2556	25411-25421			5-15dis	-0.3
Norway	11.484-11.55	11.53 - 11.542	4ore pm-1 dis		612-61-pm	1.89
France	12.14-12.221,	12.14-12.15	2 ¹ 2-2 ¹ 2¢ pm			
Sweden	11.484-11.564	17.52%-11.53%	ora disبر4 بر33		10'1-11'3dis	-3.90
Japan	32513281.	3274-3284	1.85-1.75y pm		5.00-4.85pm	6.0
Austria	28.03.28.29	28.03-28 08	15-13gro pm		41 %-37% pm	5.67
Switz.	3.33 ² -3.36	3.331 ₂ -3.341 ₂	2³4-2c pm	7.63	€,°-2.°bas	7.19
Sei	gian rate is fo	er convertible :	franca. Financii	el franc	81.20-81.30.	

Six-month forward dollar 2.67-2,62c pm, 12-month 4.35-4.20c pm,

OTHER CURRENCIES

				£
July 5	£	5		Note Rates
Brazil Cruzeiro Finiand Markka, Greek Drachma, HongKong Dollar Iran Riai KuwaitDinanKD) Luxembourg F- Malaysia Dollar New Zealand Dir, Saudi Arab Rivaj Singapore Dollar Sth African Rand	1.9670.1.9710 8.039.8.055 8.2975.8.3205 176.33.179.90 10.3000.10.3125 119.90 0.402.0.4030 80.40.80.50 3.2990.3.3040 8.8125.2.8205 4.8335.4.8480 2.9570.2.9620 2.6145.2.6255	1.4825 1.4840 6.606 6.080 6.2640 5.2660 1.35.84 1.36.55 7.7650 7.7680 92.20 0.30345-0.3085 60.55.60 5 2.4870 2.4500 2.1186 2.1230 3.5615-5.5526 2.2296 2.2325 2.2296 2.335 3.6720 3.6730	Belgium Denmark France France Litaly Japan Norway Portugal Spain	14,26 14,40 12,10-12,22 3,97-4,00 2530-8565 326-330 4,48-4,52 11,43-11.54 221-233 221-230 11,43 11.54 5,35-3,36
		 Selling rate, 		

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 5	% change from central rate	% change adjusted for divergence	Divergence
Belgian franc	44.9008	45.3714	±1.05	+1.37	±1.5471
Danish krone	8.14104	8.08083	-0.74	-0.42	 1.6419
German D-mark.	2.24184	2.25224	+0.46	+0.78	+ 1.1475
French franc	6.87456	6.85655	-0.26	+0.06	- 1,3669
Dutch guilder	2.52595	2.53762	+0.48	+0.78	±1,5171
Irish punt	0.72569	0.718292	-1.02	-0.70	±1.6673
Italian lira	1403.49	1-36,44	+2.28	+2.28	4.0410
Change weak c	s are for i	Ecu, therefore	positive cha	inga danotas Inancial Time	4

_	central rates	against Ecu July 5	centraj rate	adjusted for divergence	Divergence limit %				
Bolgian franc Danish krone Germen D-mark. French franc Dutch guilder Irish punt Italian lira	44.9008 8.14104 2.24184 5.87456 2.52595 0.72569 1403.49	45.3714 8.06083 2.25224 6.85655 2.53762 0.718292 1436.44	+1.05 -0.74 +0.46 -0.26 +0.48 -1.02 +2.28	+1.37 -0.42 +0.78 +0.06 +0.78 -0.70 +2.28	±1.5471 ±1.8419 ±1.1475 ±1.3669 ±1,5171 ±1.6673 ±4.0410				
Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.									

July 5	Pound St'rling	U.S. Dollar	Deutschem I	c J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Ura	Canada Dollar	Beigian Fra
Pound Sterling	1.	1,326	5,990	327 8	12.15	3,340	4,493	2548.	1.803	80,45
U.S. Dollar	0.753	1,	3,006	247.0	9.150	2,519	8,385	1916.	1.558	60,60
Deutschemark	0,251	0.333	1.	82,14	3.044	0,837	1.126	637,1	0.452	20,16
Japanese Yen 1,000	3,051	4,050	12.17	1000,	37,06	10.19	13.71	7_56,	55,01	245,5
French Franc 10	0.823	1,093	3,286	269,9	10.	2,750	3.699	2093.	1.485	66.24
Switz Franc	0,299	0,597	1,195	98,18	3,636	1,	1,345	761.1	0.540	24,09
Dutch Guilder	0,223	0,295	0.888	72,95	2.703	0.743	1.	565,8	0.401	17.91
Italian Lira 1000	0,393	0,522	1.570	128,9	4,778	1,314	1.767	1000,	0.709	31,65
Canadian Poliar Belgian Franc 100	0,655	0,736 1,650	2,213 4,960	161.8 407.4	6,786 15.10	1,852 4,152	2,492 5,584	1410 816	2.241	44.62 100.

French franc....

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	italian Lira	Belgial Conv.	Franc Fin.	Yen	Danish Krone
Short-te rm 7 days ' notice	1234 1278 1251 1278 1252 13 1256 1210 1218 1214 1178 12	81g-84 754-77g 774-77d 714-77g 87-87	81g-9 9-914 9-16-915 914-919 914-919	678-7 654-678 658-654 678-658 678-658	24 212 24 212 5-54 518 54 54 55 53 5 5	5-51g 51g-51; 51g-51; 51g-51g 53g-51g 5-3-512	10 & 10 & 10 & 10 & 10 & 10 & 10 & 10 &	13-14 13-14 135g-137g 135g-141g 137g-1414 147g-145g	812-854 858-878 856-878 854-878 834-9 918-936	81g.83g 86g.87g 86g.87g 85g.87g 81g.9 91g.93g	618-618 619-614 618-614 618-618 614-618 618-618	93: 104 10-104: 93: 97: 94: 10 94: 10

Asian S (closing rates in Singapore): Short-term 8-8's per cent: seven day a 7¹⁵1, 7¹⁵1, per cent: one month 7¹⁵1, 7¹⁵1, per cent: three months 7¹5-7¹⁵, per cent: one year 8¹5-8¹5, per cent. Long-term Eurodollars: two years 9¹5-9¹5 per cent: three years 9¹5-9¹5, per cent: four years 10-10¹5, per cent: five years 10¹5-10¹5 per cent: nominal, Short-term rates are call for U.S. dollars and Jap ansas year; others two days' notice.

MONEY MARKETS

A gentle rap from the Bank

gentle rap on the knuckles to the London money market last week, as bills became somewhat difficult for the authorities to find, to service the day-to-day shortages in the market.

An early round of assistance was not offered on Friday morning, despite a very large shortage, at first estimated at 18550m. This followed a period when some equally large shortages had resulted in the MONEY RATES

UK clearing banks base lending rate 12½ per cent since June 12

Bank of England being offered a very small number of bills at the first attempt, and was probably meant to concentrate minds

ably meant to concentrate minds on the need to sell the paper later in the day.

At the same time there does appear to be an underlying shortage of bills in the market, and this was illustrated on Thursday when the Bank of England bought only £220m under the terms of a repurchase agreement, despite offering an attractive package, returning the bills to the market tomorrow.

This resulted in insufficient help being given on the day. help being given on the day, with the banks running forward

FT LONDON INTERBANK FIXING

(11.00 p.r 3 months	n. July 51 U.S. dollers
bid 7 8 4	Offer 77:8
6 months	U.S. dollers
bid 7 (5/18	Offer 8 1/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Wastumater Bank, Bank of Tokyo, Doutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

are at the lower end of expecta-This may suggest that at least one clearer thinks the data could be good enough to allow another cut in bank base rates. Apart from the money supply there was another reason to take But there are many others in the market who feel that recent comments from the Chancellor of the Exchequer, and the Bank of England, make any reduction unlikely at the moment, even if money supply and bank lending there was another reason to take a cautious view last week. Ministers from the Organisation of Petroleum Exporting Countries met in Vienna at the weekend, in considerable disarray, amid speculation about lower Opec oil prices.

Overnight One month Two months Three months Six months Lombard	5.4 5.55 10:5 10 6.4 5.55 10:3 10 6.4 5.55 10:3 10 6.4 5.50 10:3 10 6.0 10:3 10	14 - 15 : 51a.51a	634-678 634-678 656-634 612-658	6,15625 6,81875 6,28125	145g-15 141g-145g 141g-145g	8.85 811-834 854 876 834-9	=======================================
LONDON MONEY	RATES	Disc	ount Ho	uses D	eposit a	and Bill	Rates
Sterling	Local ,	Company M	arket Tre	BASUPY Tr		ilble i Eligib unk i Bani	

| Frankfurt : Parls | Zurich | Amst'dam | Tokyo |

July 5 1965	Sterling Certificate of deposit	interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Seli)	Eligible Bank (Buy)	Eligible Bank (Seli)	Fine Trade (Buy)
Overnight	1234-1258 1254-1258 1254-1252 1251178 11-2-1178	127g-131g 125g-121d 125g-121d 121g-121d 121g-121g 121g-121g	1234—15 1234—13 — 1234 1256 1212 1216 1218	1212-1318 — 13-1518 1278 1278 1234 —	10 1234 — — 12% 1214 1214 — —	122 121s 12	124 124 123 113	124 1218 1218 117	1214-125 1225 1118 1118	128 128 126 126

	Local Auth. negotiable bonds		House		SDR Linked Deposits	ECU Linked Deposits
One month Two months Three months Six months Nine months One year Two years Three years Four years Five years	13-125 125-125 1212-125 1212-125 1218-1178		121 ₂ 121 ₄ 121 ₆	7.55-7.65 7.65-7.66 7.55-7.55 7.75-7.85 7.96-8.05 8.1-8.2	734.8 7 14 .8 ₁₄ 713.9 ₁ 4	214-214 214-214 214-314 214-314 214-314
ECGD Fixe July 2 (inclusi days' notice, (by the Finance and Scottish C for sums at set teader rate of c Deposits £100,0 12°, per cent: 4 months 12 per Series 5 12 per	others soven Houses As learing Bank van days' no discount 1.9 00 and over tree-six man cont. Under f	per cent, I days' fixe ssociation): Rates for stice 6.66-6. 246 per can theid under the 124, per	Local author. 13 per of lending 13 per centing 13 per centit. Certific one month cant six-	onty and a Houses cant from 2½ per cent (not). The state of Table 12½ per cane month to multiple 24 per cane	finence ho Base Rate July 1, 19 It. Bank De Treasury Bill Ix Deposits cent: one-th hs 12 per ce 17. Deposits	uses seven (published 85. London posit Retes ls: Average (Series 6); ree months post; nine-12

Two month	6.72 6.77
Three month	6.7
One year	6.75 8.91
010 Jeal 1111411111111111111111111111111111111	V.51
Treasury Bonds	
Two year	100
Three year	703
Four year	101
FIVE YOUR	102
Seven year	103
10 year	108
30 year	708

MONEY RATES

NEW YORK (4 pm)

FINANCIAL FUTURES

ar suffer	STERLING INDEX	LONDON	U.S. TREASE 8% \$100,000	32nds of 10	0%
ment statistics have increased pressure for a cut in the Federal Reserve's discount rate. Clues about the present policy of the U.S. central bank will be looked for in the pattern of official	Substitute	THREE-MONTH BURODOLLAR S1m points of 100% Close High Low Prav Sept 92.35 92.36 91.98 92.06 Dec 91.93 91.94 91.57 91.62 March 91.50 91.48 91.17 91.21 June 91.13 91.12 90.85 90.86 Sept 90.84 — 90.57 Estimated volume 4,627 (672) Previous day's open int 18.597 (18.521)	Dec 77- March 7 Estimated vo Previous day	29 78-29 27 77-15 6-27 lume 4,047 ('s open int	2,558 (2,408)
intervention in the New York banking system, following this	4.00 pm 82.0 81.6	THREE-MONTH STERLING	U.S. TREASU 8% \$100,000	32nds of 10	0%
week's Federal Open Market Committee meeting. Federal funds were firm at 3½ per cent last Monday, without intervention, but the Fed surprised financial markets by adding permanent reserves, through system repurchase agreements on Tuesday, and also added	£ IN NEW YORK July 5 Prev. close 1 month 0.56-0.54 pm N/A 2 months 4,30-4.20 pm N/A Forward premiums and discounts apply	Sept 88.25 88.27 88.15 88.12 Dec 88.83 88.86 88.73 88.89 March 88.95 88.93 88.85 88.81 June 89.01 88.95 Sept 89.18 99.08 Estimated volume 1.143 (224) Provious day's open int 5.949 (5,915) 20-YEAR 12*; NOTIONAL GILT	Sept 79-1 Doc 77-1 Merch 76-1 June 75-2 Sept 74-3 Doc 74-1 June 72-1 Sept 71-1 March 70-1 March 70-1	00 79-04 29 78-03 26 77-01 29 76-00 11 75-01 13 74-06 106 73-11 15 72-17	78-14 77-08 77-10 76-08 76-12 75-06 75-10 74-07 74-15 73-10 73-20 72-15 73-02 71-21 72-12 70-29 68-00
liquidity on Friday	to the U.S. dollar	Close High Low Prev Sept 110-27 170-29 110-14 110-14	U.S. TREASU	RY BILLS (
Spot 1,3275 1,3	AGAINST STERLING -month 3-month 6-month 12-month .3221 1.3125 1.3011 1.2948 .9651 3.9204 3.8839 3.7636 2.1209 12.0887 12.0976 12.0976 .3786 3.2800 3.2334 3.1399 25.96 322.80 318.71 311.48	Dec 111-07 — 110-26 March 111-15 — 111-02 Estimated volume 1,809 (269) Provious day's open int. 3,276 (3,306) Basis quote (clean cash price of 13%, Treasury 2003 less equivalent price of near futures contract) —25 to —15 (32nds). STERLING £25,000 %s per £	Sept 93.2 Dec 93.4 March 92.6 June 92.1 Sept 92.2 Dec 91.4 March 91.6 June 91.6	High 2 93.33 2 93.07 6 92.66 6 92.41 8 92.08 5 91.78 5 91.55	92.67 82.94 92.63 82.61 92.40 92.27 92.18 91.96 91.92 91.70 91.75 91.67 91.77 91.07
BANK OF ENGLAND TR	PEASURY BUT TENDER	Close High Low Prey	CERT. DEPOS	IT (IMM)	31.07
Bills on offer £100m £100m	July 5 June 28 Top Accepted rate of discount, 11.9527% 11.9728%	Sept 1.3160 1.3180 1.3060 1.3045	Sim points of Close Sept 92.7 Dec 92.3 March 91.8 June 91.4	High 5 92.78 5 92.37 4 91.82 9 91.46	Low Prev 92,45 92,36 92,20 91,92 — 91,50 — 91,13
Total allocated £100m £100m	rate of discount 11.9246 11.9659% Average yield 12.29% 12.33% Amount on offer	Close High Low Prev Sept 0.3333 0.3332 0.3311 0.3334	THREE-MONTO	100%	
Allotment at minimum level 88% 84%	at next tender £100m £100m	Dec 0.3353 0.3353 0.3336 0.3334 Estimated volume 422 (4) Previous day's open int 248 (251) SWISS FRANCS	Sept 92.3 Dec 91.9 March 91.5	9 92.41 9 92.00 5 91.56	92.07 92.04 91.76 91.60 91.34 91.18
DOLLAR SPOT—FORWAR	RD AGAINST DOLLAR	SwFr 125,000 Sa per SwFr	June 91.1 Sept 90.8 Dec 90.5	4 90.83	90.99 90.82 90.74 90.51 90.48 90.22
227 V 271122	% Three % month p.a. months p.a. 56-0.53c pm 4.83 1.53-1.48pm 4.63	Close High Low Prev Sept 0.3985 — 0.3951 Estimated volume nil (nil) Pravious day's open int 182 (182)	March 90.2 June 89.9 STERLING (IN	90.23 89.97	90.20 89.95 89.94 89.70
Ireland† 1.0320-1.0445 1.0435-1.0445 0	30-0.20c pm	JAPANESE YEN Y12.5m % per Y100	Close	High	Low Prev
Nethind. 3.3840-3.4289 3.3840-3.3850 0. Beigium 60.55-61,19 60.55-60.65 4. Denmark 10.77-10.894 10.783-10.793-1. W. Ger. 3.0020-3.0375 3.0055-3.0065 0.	26-0.23c pm 0.86 0.95-0.92pm 1.10 5c dis -0.88 12-14dis -0.85 -2*2ore dis -2.20 44-54dis -1.84 65-0.60pf pm 2.47 1.91-1.88pm 2.48	Close High Low Prev Sept 0.4059 — 0.4049 Espirated volume nil (2) Previous day's open int 165 (165)	Sept 1.3235 Dec 1.3110 March 1.3030 June 1.2976	1,3135 1 1,3040 1 1,3100 1	.3045 1.3030 2920 1.2910 2900 1.2530 2930 1.2780
Portugal 1731-1744 1731-17412 25 Spain 171-1734 171-1714 96	i0-500c dis — 25.85 650-1400dis — 23.56 1-105c dis — 8.30 290-320dis — 7.04	FT-SE 100 INDEX E25 per full index point	GNMA (CST) 32nds of 100%		
Norway 8.69-8.73 8.694-8.695 34 Francs 9.143-9.244 9.143-9.155 6 Sweden 8.69-8.731 8.69.8.691 6 Japan 246.85-247.90 246.95-247.90 2.1103-21.18 2.	7-10 litre dis — 6.05 281-29dus — 5.34 70-10 litre dis — 5.75 70-10 litre dis — 4.83 58-2.70 dis — 4.83 58-2.70 dis — 5.81 181-181-181 58-54 1.69 0.9970.94pm 1.56 1.34 8-5-pm 1.27 60-0.54e pm 2.69 1.88-1.62pm 2.60	Close High Low Prev Sept 128,85 127,00 126,15 125,80 Dec 127,25 — 128,40 Estimated volume 314 (145) Previous day's open left 1,517 (1,528)	Sept 77-24 Dec 76-28 Merch — June 75-25 Sept 75-13	77-24 76-28	Low Prev 76-25 75-28 78-00 74-30 — 73-28 — 73-16
Switz. 2.5170-2.6455 2.5180-2.5190 0. † UK and Ireland are quoted in U.S.					1

WEEKLY CHANGE IN WORLD INTEREST RATES

LONDON	July 5	change	NEW YORK	July 5	change
Base rates 7 day Interbank 5mth Interbank Treasury Bill Tender Band 1 Bills	1121g 113 1121g 111,9246	+ rs 0,8413 :Unch' d	Prime rates Federal funds 3 Mth. Treasury Bills 6 Mth. Treasury Bills 3 Mth. C D		Unch 'd +12 -0.03 -0.16 -0.10
Band 2 Bills Band 5 Bills Band 4 Bills 5 Mth. Treasury Bills 1 Mth. Bank Bills 3 Mth. Bank Bills	121g :121g :12 :12 :12 :12:3	Ouch, q	FRANKFURT Lombard One Mth. Interbank Three month	6,0 5,525 5,475	Unch'd +0,05 -0,16
TOKYO One month Bills Three month Bills	6.15625 6.28125	-0.125	PARIS Intervention Rate One Mth. Interbank Three month	101s 104 104	Unch'd
BRUSSELS One month Three month	8 <u>2</u> 8 ₁₂	: : = ±	MILAN	1 4 2 14 2	—18 —18
AMSTERDAM One month Three month	6 3 6 3			117e 117e	; Unch'd !Unch'd

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 2 bills 34 to 53 days and band 4 bills 64 to 91 days. Retes quoted represent Bank of England buying or selling rates with the money market: in other contras rates are generally deposit rates in the domestic money market and the



Pioneer Concrete Services Limited

US\$85,000,000 Short Term Euronote Issue

The Hongtong and Short

RankAmerica Capital Markets Group Barque Separites Lumbert S.A. Barring Brothers Asso Lumbed Carnedon Impensi Bank of Cor name (Sause Fact Asia) Ltd.

BarthAmeric Capital Mar

Subury Taust & Barreng Corporation Additional Fract & Entering Compression von Oncon torpal Pleate Limited Satores International Princip Kompi Limited Satores International Francia Limited Social Satori Compression International Limited Secs. Barrit Compression International Limited



8 St. James's Square, London SW1Y 4JW.

Following the placing of 2,750,000 Ordinary Shares of 10p each together with 550,000 Subscription Warrants in Charterhall North America PLC, the Council of The Stock Exchange have granted a dealing facility for the Ordinary Shares and Subscription Warrants under Rule 535.3 of its Rules and Regulations. Dealings are expected to begin on Monday 8th July 1985.

County Bank Limited, 11 Old Broad Street. London EC2N 1BB.

Scott Goff Layton & Co, Salisbury House, London Wall, London EC2M 5SX.

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland



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(A statutory corporation of the Commonwealth of Australia)

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Issue Price 1001/4 per cent.

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Amro International Limited Banque Nationale de Paris Commonwealth Bank of Australia Dresdner Bank Aktiengesellschaft Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

Orion Royal Bank Limited

Kredietbank International Group

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Verband Schweizerischer Kantonalbanken

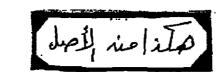
Application has been made for the 12% per cent. Notes due 1990 to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Note. Interest is payable annually in arrears on 25th July, the first payment being made on 25th July, 1986. Full particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 10th July, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 22nd July, 1985 from:

Swiss Bank Corporation International Limited, Three Keys House, 130 Wood Street, London EC2V 6AQ

FL Nivison & Co., 25 Austin Friars, London EC2N 2JB

Orion Royal Bank Limited, 1 London Wall, London EC2Y 5JX

8th July, 1985



SECTION III

FINANCIAL TIMES SURVEY

Trinidad and Tobago

A new realism pervades these Caribbean islands as a petroleum based economy adjusts to declining oil revenues. The task is to broaden the industrial base

The carnival is over

By Fiona Thompson

EL DORADO remains as elus-Tobago as when the Conquistadors were first drawn to the land to pursue that vision of riches. The island republic, early in its independent life, found itself sitting on a gold mine (in this case, based on petroleum) but has since seen its easy wealth slipping away.

The decline in oil revenue, which permitted a spectacular rise in living standards before prices and production slumped, has forced the country to accept a new realism. The adjustment Caribbean nations has a dollarprocess, including a sharp curb process, including a sharp curb based economy and is influ-on imports and tighter currency enced more by its major trading restrictions, is still going onand may yet cause more pain.

At government level it has already been accepted that the fragile structure of the coun-try's petroleum-dominated economy must be broadened and

It is now policy to provide greater encouragement for local enterprise, new industry and outside participation and invest-

Equally crucial is a change in the attitudes of the people of the racially diverse but politic-ally stable democracy. A government report says.
"Among many people in this

1,.1

lying persuasive feeling that 'something will turn up'." "It is the only place in the

Caribbean and probably in the whole world, where irresponsibility is romanticised," Mr Stevenson Sarjeant, Mayor of sive today in Trinidad and Port of Spain, said last month.

The capital city, he said, is a reflection of the country. "Its narrow European-like streets, the mixture of Spanish, French British architecture, the ethnic mixtures of its hustling throngs, its lively commercial activities, the congestion in its streets and ports, the high incidence of crime, the presence of destitution among wealth and splendour, its individualism tell the story of a unique of the cross the story of a unique city, in a state of what seems like perpetual change."

partner, the U.S., than by its nearest neighbour, Venezuela. The Trinidad and Tobago dollar has been pegged to the U.S. dollar at a rate of TT\$2.4 since 1976. Whether that rate can be maintained is open to

It is with the key issues of investment and foreign exchange earnings in mind that Mr George Chambers, Prime Minister, arrives in London mest which has required a shift today at the start of a month in the guiding principles of this small, but understandably proud country.

The start of a month today at the start of a month in the guiding principles of this long six-nation tour. Mr small, but understandably proud chambers, who has not exactly claimed the limelight at home, is now seeking export markets, and agreements to enhance exploitation of the country's still considerable resources of

average increased by 20 per cent a year, and the people took off on a spending spree. According to a government task force which reviewed the aftermath "there was "conspicuous" spending on imported household electronic gadgets, high quality liquor and foreign travel.

The end of the high life was signalled by the oil price cuts of 1981 and 1982. It is now seen that traditional industries, like agriculture, were damaged during the boom, when wage deals ceased to relate to pro-ductivity and local patterns of

Falling revenues

The April 1983 price fall the country started to find its foreign exchange draining away. At the end of 1982, foreign reserves totalled TT\$7.6bn. The figures plunged to TT\$2.8bn at the end of 1984, and the first three months of fall of TT\$747m.

Earnings from oil fell from TT\$4.2bn in 1981 to TT\$2.6bn

Trinidad, not a member of the Organisation of Petroleum Exporting Countries, depends cartel. A banking expert has estimated that a U.S.\$5 price

boom years growth was running at up to 8 per cent in real terms, and the economy seriously overment has risen—official figures Between 1977 and 1982 cent—and after the years of freewheeling, the Communication in the communication of the comm is imposing a measure of wage restraint. The carnival is over for Trinidad and Tobago.

The Central Bank says that the economy has contracted, reducing inflationary pressures and bringing imports, prices, wages and the rate of credit

On the bright side, there was a TT\$476.2m merchandise trade surplus last year, after a 1983 deficit of TT\$729.8m. In the first three months of this year consumer prices rose by only 2.6 per cent, the lowest first quarterly figure since 1978.

During the British leg of his tour, Mr Chambers will seal an agreement on a joint venture with ICI to create a methanol plant at Point Fortin in South West Trinidad. A similar plant already established at the nearby Point Lisas industrial complex has been one of the success stories of the recent past, showing a profit of commercial production. Petro-chemicals are seen as a focal

The new project will be a three way partnership between the Government; ICI; and the IFC, a World Bank affiliate,

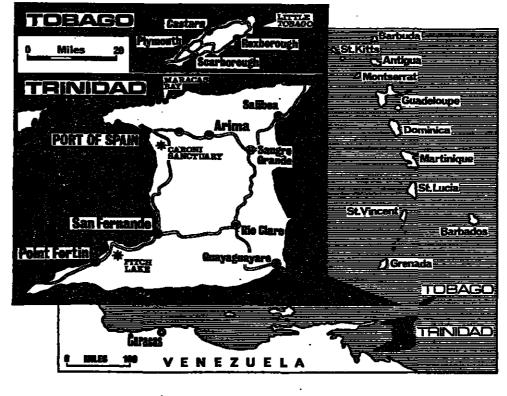
point of growth for the future.

Mr Alan Twist, ICI's methanol still considerable resources of TT\$720m in lost revenue.

Venture manager said: This charismatic intellectual, denied an audience throughout The alliance is led by Mr take draconian me oil and natural gas.

Gross domestic product last "Trinidad has an abundance of a bewildering enigmatic and his entire residency.

Trinidad is still reeling from year showed a decline of 7.4 per natural gas, a stable govern- latterly solitary man, was the oil trauma. During the cent and the balance of payment, and a very democratic founding father of modern Williams refused for years to popular appeal recalls that of dose," he said.



and it has a very high calibre of indigenous people."

The three-way arrangement points to the future shape of joint ventures in the energy sector. In his January budget, Mr Chambers, who is also Finance Minister, gave a strong hint that the Government would not necessarily insist-as in the past—on a majority holding in such projects. It is a shift with emotional

as well as economic, significance for the people of Trinidad and Tobago—they are having to depart from policy propounded by their first Prime Minister, the late Dr Eric Williams, who IFC, a World Bank annual the late Dr Eric Williams, was wealth Development Corpora-insisted that the country's people should have sole claim on its natural assets.

and pleasant population. It is a Trinidad who led his people attend Caricom heads of governmember of the Commonwealth, from British Colonial rule, to ment meetings, he saw to it English is the national language independence in 1962 and that Trinidad met its obligations

little time for the traditional industries, like sugar, which he saw as symbols of colonial servitude. This land. Dr Williams said at the opening ceremony for the 2,000-acre Point Lisas industrial estate, "where sugar cane was once cultivated, will now produce iron and steel."

Strong challenge

Dr Williams was, frankly, a difficult man. He was capable of freezing out his own Cabinet Ministers refusing to see them for months on end, he also asked them to sign undated letters of resignation to be held for possible future use. One unfortunate U.S. Ambassador, was

to its Caribbean neighbours, Treaty

Chaguaramas. Dr Williams's sway is still felt today, four years after his death in office. His party, the People's National Movement, has held power since indepen-dence—which means that a quarter of the population has lived since birth under PNM

Mr Chambers faces a strong challenge at the general elecchallenge at the general elec-tion, which must take place by February 1987, from a new opposition coalition, the National Alliance for Recon-struction, which believes it provides a credible alternative, and has the backing to achieve

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mopolitans

Dr Williams, in contrast to the self-effacing style of Mr Chambers However, the underlying conservatism of the electorate could well ensure that the PNM pulls through

measures cannot be delayed, Mr Frank Barsotti, Permaner Secretary at the Finance Ministry said: "The country was spoiled by a sudden injec-tion of money which created a kind of euphoria. The Government after the first oil shock found itself on a wave of number of very large capitalintensive projects. They lost sight of the fact that if anything went wrong with the revenue

The Government needed to 1982, it has been giving medi-cine, but not a heavy enough



Message by Hon. George Chambers, Prime Minister of Trinidad and Tobago

The publication of this Survey by the Financial Times provides a welcome focus on Trinidad and Tobago, a country which, given its enviable record of social and political stability, is not often featured in the international news. The fact is that is not often featured in the international news. The fact is that since our Independence almost twenty-three years ago we have assiduously nurtured the democratic institutions which protect constitutionally enshrined and entrenched freedoms, the independence of the judiciary and a parliamentary system founded on manifestly free, fair and regular elections. The people of Trinidad and Tobago are deeply committed to the preservation of these fundamental principles. Within the world community, whether in the Commonwealth, the inter-American system or on the broader stage of the United Nations, Trinidad and Tobago has a reputation for its support of the causes of international justice, peace and mutual respect among nations. It will be observed then, that there is more to Trinidad and Tobago than calypso, carnival and steelband, important as these are as expressions of the unique creativity and vitality of our cosmopolitan people.

That climate of stability has enabled the country to achieve remarkable social and economic progress, such that its people now enjoy one of the highest standards of living in the Western Hemisphere. The last decade was marked by particularly vigorous growth and widespread distribution of the benefits of such growth, both made possible by the increase in the price of oil in 1973-74 and 1979-80. Though not a major producer by OPEC standards, Trinidad and Tobago is one of the oldest oil-producing countries and has maintained a production per head of population which is higher than many other oil exporters. Vast

reserves of natural gas have also been discovered offshore in recent years on a scale which places the country among the key gas-rich areas of the world.

With the enhanced oil revenues at our disposal we have proceeded to modernise the economy through the expansion of social infrastructure, improvement of economic services and investment in new productive assets based primarily on the country's substantial natural gas resources. Specifically, pipelines have been constructed to bring the gas across the country to a 2,000-acre industrial estate served by a newly-developed deep-water harbour and including an electric power plant with substantial generating capacity. On this estate are located the ammonia, methanol, steel and urea plants which herald a new and decisive stage of diversification of the economy.

In this period, Trinidad and Tobago in recognition of its wider regional responsibilities provided generous economic assistance to its less fortunate neighbours in the Commonwealth Caribbean. This assistance was fairly significant in relation to our own resources and granted on concessionary terms in the interest of stability in the region as a whole.

Even before the transformation of the country's public finances which occurred in the years immediately after 1974, Trinidad and Tobago had been financing its development for the most part from its own resources. This policy continues today, despite the weakness of oil prices and consequent severe loss of revenue. Accordingly, since 1982 the Government has of its own volition embarked on a policy of fiscal and monetary restraint aimed at protecting the gains achieved during the years of economic expansion. There are clear signs that the population generally understands and has begun to accept the inevitable need for adjustment of its expectations and that the policy is achieving its objective achieving its objective.

The private sector has always had an important place in the economy of Trinidad and Tobago. In an earlier period the key industries, sugar and oil, were wholly under private ownership. The light manufacturing sector, banking, insurance, commerce, agriculture and construction remain largely so today. However, in recent years the Government has undertaken major investments, particularly in the energy sector where the magnitude of menus, parucularly in the energy sector where the magnitude of the resources required was clearly well beyond the capability of the local private sector. Even so, Government's preferred alternative has been to form joint ventures with foreign private interests which are able to contribute capital, know-how, markets and the like. Despite these investments, the Government remains clearly committed to developing Trinidad and Tobago as a mixed economy with its role being generally supportive of private sector initiative.

The non-oil sector of the economy has developed largely to satisfy domestic demand. When the earning from oil were more than adequate to meet immediate foreign exchange needs, this structure of production could have been supported. However, in structure of production could have been supported. In owever, in view of the changes which have taken place with respect to oil, international trade must take on a new meaning for Trinidad and Tobago. Specifically, the non-oil sector must deliberately find export markets, both within the region and outside but with a firm thrust towards the latter. In this regard, the Government has in the past two years or so introduced specific incentives for exporters, created a specialised institution with a mandate to promote and develop exports and is now actively considering to promote and develop exports and is now actively considering other initiatives such as establishing export zones, including a science park. Steps are also being taken to stimulate tourism, an activity which already earns significant foreign exchange but is still performing well below its potential.

With this new emphasis in policy, the Government is redoubling its efforts to attract private direct foreign investment to the country. We have several strategic advantages in this



regard. These include relatively cheap energy, a skilled and highly literate labour force with long experience of modern highly literate labour force with long experience of modern industrial processes, a location at the crossroads of the Americas and preferential access to two of the largest markets, that is the United States of America and the European Economic Community. Of no less significance is the fact that the constitutional guarantees of private property rights extend to foreign investments. Freedom to repatriate capital brought into the country and to remit earnings on a current basis have been a long tradition with us. Moreover, Trinidad and Tobago is a signatory to the convention establishing the International Centre for the Settlement of Investment Disputes (ICSID). In sum, therefore, there is a well-established framework for the protection of the foreign investor.

The measure of the importance which my Government attaches to foreign investment and exports is my personal involvement in marketing Trinidad and Tobago to potential investors. With the country's enviable record of stability and its many other advantages, I feel confident that success will attend our and average. our endeavours.

Hon. George Chambers

The Prime Minister's Office, Whitehall, Port of Spain,

Trinidad.

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Challenge to the ruling party

TO TRINIDADIANS under 30— 1987. With the waning political make it successfully challenge for the rulers they have united State's division of the rulers they have experienced.

Grenada in 1983 has not affect the rulers, the rulers they have experienced.

Mr Robinson does not share this view. "In the next ciection with Washingment, And for all Trinidadians, There is little mystery to the share of taking office," the partner.

TO TRINIDADIANS under 30—

1987. With the waning political make it successfully challenge to the rulers they have experienced.

Mr Robinson does not share this view. "In the next ciection with Washington. There is little mystery to the fragmentation after the elections of taking office," the partner. the PNM has meant Dr Eric Williams, the former prime minister, and the party's founder and leader until his

Despite having almost three decades of uninterrupted rule by the same party, Trinidad and Tobago is a vibrant multiparty democracy. All efforts by several of these other parties, many of which have withered and died over the years, to replace the PNM have been unsuccessful.

Now, however, there appears new and more real threat to groups. he PNM's continued hegemony The PNM's continuation in of Trinidad and Tobago's politi- office and its winning elections the PNM's continued hegemony the National Alliance for of the failure of opposition groups to present a coherent altion of three parties, headed by Mr A. N. R. Robinson, a former PNM Cabinet minister.

Public opinion rolls by rolls the PNM there there will be a present a credible alternative to the parties can present a coherent at the parties can present at the parties ca

Public opinion polls by political analyst Dr Selwyn Ryan, the results of which were published in May, suggest that the NAR commanded 59 per cent of the electorate's support, and would, in a general election, humiliate the PNM, which got 17 per cent support
"This is the worst showing which the PNM has made since the polls were instituted some

en years ago," said Dr Ryan. The NAR has already established its credentials as an alternative to the PNM, The opposition parties swept all the county councils, previously con-trolled by the PNM, in the last local government elections. The next general election is constitutionally due by early

long rule of the PNM. It can be expalined by the political and intellectual weight of Dr Wil-

PNM was regarded as having a leader of considerable stature," says Dr Ryan. "It had a programme which was difficult for any other party to displace. It was dynamic, and strong in its organisation."

Dr Ryan says the steam ran

the party retained office because of fears of the impact of leftist

"If opposition parties can present a credible alternative to the PNM, then there will be a change of government," predicted Dr Ryan. One PNM view credited the PNM's success over the past 29 years to the fact that the party is highly organi-

the PNM in a general election."
he said, "it is challenging an organisation which is starting out with the support, through membership and affiliated membership and affiliated groups, of about 30 per cent of

the electorate.
"The PNM does not contest an election. It attempts to increase the number of voters already supporting it."

The NAR coalition is therefore likely to be writted area.

fore likely to be watched over the next few months to deter-mine whether it has found the right adhesive which could paper, Trinidadians may opt

tion," he admits. "But recognie expalined by the political and tion of the need for unity is telectual weight of Dr Williams.

"Up to 1969 and 1970, the rather than to fragmentation."

In a society when personality is important in politics, the articulate, confident Mr Robin-son starts with an advantage over the withdrawn Mr Cham-

The PNM is no longer Dr Williams' party—it now has to

Politics CANUTE JAMES

stand or fall on the basis of its ability to continue to fight off the opposition.

But politics in Trinicad and Tobago is compounded by race. Dr Welliams ensured he had in high and visible office several representatives of the Indian community in what was, in essence, a clack party.

Mr Robinson complains that

already race is being made an issue in the formation of the NAR. "It is already being said that the NAR represents an Indian takeover. In the NAR the East Indian is being more effectively represented, than in the PNM." Trinidad and Tobago is, by

nature, a society of conservative tendencies. Despite the polls, which indicate strong support for the NAR, a PNM official says there is always the possi-bility that, faced with a ballot

employment. Busin esses are closing and incomes have either

stabilised or one declining."

The support for the NAR appears based on disaffection with the PNM's policies. The country's actions are viewed by its neighbours, coalition has yet to present a coherent package of alternative policies. This is being formulated, Mr Robinson says and will concentrate on economic reform. A change of government to one formed by the NAR is hardly likely to bring about any perceptible alteration in Trinidad and Tobago's ideological direction. Both parties are centrist and conservative in

The issues in an election are likely to be economic, and more to do with style and changes of emphasis. The PNM represen-tative said the party had to show the electorate his record in the construction of highways, houses, industrial plants "... and other indications of the progress which the country has made under this Government."

"We would be turning our of wider foreign policy. A sitention to the areas which the Government has neglected," says Mr Robinson. "We will be Dr Eric Williams was one of the architects of the sconomic looking seriously at the development of tourism and agricul-

There is also a community of

this view. "In the next elec-tion we will have an excellent chance of taking office," the NAR leader says.

The US recognis the country's largest trading partner.

More substantial changes

More substantial changes "The general political and economic climate indicates this. The consensus is that the time has come for a change.
"There is a downtum in the economy. There is growing unprodument Businesses are other Caribbean Boomer Caribbean accounts are other Caribbean becomes the control of the control other Caribbean peoples to view Trinidadians mistakenly as

> "Trinidad and Tobago is 100 per cent committed to Caricom," says Mr Wendell Mottley,
> the industry and commerce
> minister. "There are defects
> which we believe should be
> corrected, and there is a lack
> of reciprocity in the community." of reciprocity in the community.
> But there should be no doubt
> about this country's commitment."

The NAR, according to Mr Robinson, would pay more atten-tion to Caricom. "The com-munity is not to be absendanted by Trinidad and Tobago. We must sport with improving relamust start with improving rela-tions with our neighbours."

In terms of global foreign policy, relations with the Carib-bean community appear not so significant. But it is an issue which could be the touchstone

of the architects of the economic community. Now sections of the business community want the Government to pull out. "Carlcom is an emotional issue views on the country's foreign "Caricom is an emotional issue relations. Trimidad and Tobago's to the people of this country,' decision not to support the says Mr Mottley.

PROFILE: GEORGE CHAMBERS, PRIME MINISTER

Wealth of experience

IN CARIBBEAN polities, where much is made of charisma and bombast, Mr George Chambers, the Prime Minister of Trinidad and Tobago, is an anomaly. That politician is emphasised by the fact that he inherited the prime ministership from a leader who, by any standard, is a very hard political act to follow.

The suiden death of Dr Eric Williams in 1981, after 25 years at the helm of Trinidad and Tobago, left the ruling People's National Movement with a dilemma. There were many candidates to take over the leadership. Mr Chambers was among the least likely. What he had going for him according to a party official, was that he was also the least likely to proroke the disfavour of any of the factions of the ruling party. He was in essence the ompromise man.
In stark contrast to the

being self-effacing. He is, again, a typically Caribbean politician, publicly shy. He rarely holds press confer-ences or entertains the press for interviews.

All this only serves to mask a wealth of experience in the politics region, Mr Chambers is self-educated, having done a correspondence course in "general educa-tion" with a British institu-

This was followed by stints in offices of local solicitors and with an oil company's legal department. Official legal department. Official literature includes among his hobbies "reading, record in 1966 on a PNM ticket and has been a member of parliament ever since.
Aged 54, and the political

country in the Commonwealth Caribbean, there are few cor-

minister, he held partfolios in the finance, public utilinational security, education industry and commerce, and agriculture ministries. The circumstances under

which he took office, and his disposition, have hidden what is now accepted in Trini-dadian polities as a fiercely independent spirit. That independent spirit. That expisins the surprise of many when Mr Chambers refused to join some of his Caribbean colleagues in supporting the U.S. military invasion neighbouring Grenada in

...:Although he sider essential ingredients in the make-up of an ideal politician, they do not hide their respect for Mr



Prime Minister George Chambe still the compromise men

regional affairs where Trini-dad and Tobago's financial elout is important.
Officials of the PNM dis-miss persistent reports that

there is a move afoot to remove Mr Chambers, and replace him with someone considered better able to revive the party's waning popularity, the question of who should replace him will not easily be resolved—a factor which works in Mr Chambers' favour. He has going for him the fact that he is still the compremise man,

Canute James

PROFILE: A. N. R. ROBINSON, OPPOSITION LEADER

Peak of popularity

THE POLITICAL leader of the National Alliance for Reconstruction, Mr A. N. R. Robinson, wants to change the course of Trinidad and Tobago's history. He heads a coalition of three parties which is challenging the ruling People's National

Over the past three decades that the PNM has dominated the country's political life several vain attempts have been made to challenge it. Mr Robiuson feels that the time has come for a change.

A dapper, eloquent 58-yearold, Mr Robinson is no stranger to high political office. He served as finance minister and then as foreign minister to Dr Eric Williams, when he resigned from the Government in April 1970, Mr Robinson said he could not continue being part of interested in retaining power

Behind all this, there were reports of disagreements political and personal reports of disagreements, political and personal between Mr Robinson and the former prime minister. His political stock did rise after his resignation but the domination of Trinidad's PNM did not offer him many

opportunities to get into national polities. From his position of chair-man of the Tobago House of Assembly, he has moved slowly and carefully back into the centre of national politics His return was under-lined by public opinion polls in May which sug-gested he now leads and would overwhelm the ruling

party in an election.

The polls also indicated that Mr Robinson was by far the most popular political leader in the country. His belief that the NAR can break the PNM stranglehold is sup-ported by the successes which

the opposition parties had in local government elections where the ruling party fared

Mr Robinson holds degrees of master of arts from St John's College, Oxford, bachelor of law from London University and barrister at law from the Inner Temple, Loudon. The international legal

fraternity has recognised him through awards from the international conference in human rights and humani-tarian law which is affiliated to the UN. Mr Robinson is now completing a second book, following his "Mechanics of Independence," published in 1971. He is also an avid poet.

Mr Robinson does not promise any significant ideological changes if he takes office. He promises policies which he says are needed to halt the deterjoration in the



"In the next election we will have an excellent change of defeating the PNM," he maintains. If his confidence is vindicated, Mr Robinson may be justified in feeling a sense of achievement in cracking the PNM's 36-year hegemony —albeit one of which he was a

C. J.

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Search is on for crutches

Economy CANUTE JAMES

FOR TRINIDAD and Tobago, the halcyon days are over.

"We have shot out of the clouds back to the ground, back to reality," says Mr Leonard Hackshaw, president of the chamber of industry and commerce. The soft market for oil, the temperary the touchstone of the economy, has brought an end to a decade of freewheeling consumerism.

It was a period described in song by a local calypsonian as "Capitalism gone mad." The Government is now faced with the prospect of finding crutches—and quickly too—for the lop-sided economy which, in better times, depended on the oil sector for over 80 per cent of its export earnings. The options are few and not very encouraging, at least for short-

to be published next month the Central Bank reports a decline of 7.4 per cent in the country's gross domestic product last year, after a 5.2 per cent fall in 1983, growth of 2.4 per cent and 3.4 per cent in 1981 and 1982, respectively marked the tail and of the hoom years tail end of the boom years.

Ironically, last year's fall in GDP came despite an improve-ment in the oil sector. "The faster rate of decline in 1984 occurred despite a significant improvement in the petroleum sector in which the added value grew by 9.2 per cent in contrast to an average annual decline of 4.2 per cent over the period 1981-83," the Central Bank

The positive performance of the petroleum sector, the report says, "was dwarfed by the negative performance of the non-oil sector of the economy." Dr Euric Bobb, Governor of the Central Bank, has said there is no mystery to the

economy's performance over the past two years.

"Old priose have been falling, effective petroleum tax rates have been reduced, government expanditure has had to he are the performance over the pitous and traumatic. "At present the country's import cover ratio is about seven months."

One positive consequence the per cent.

The Go gested to the performance over the pitous and traumatic. "At present the country's import consequence the per cent."

FOREIGN EXCHANGE RESERVES

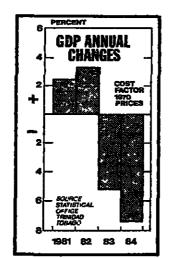
He says that the private non- cent of GDP. oil sector is too dependent to be an alternative source of

Some businessmen say, howbeen shortsighted in abandon-ing other sectors of tha economy after the Opec price increases in the early 1970s, Earnings from oil fell from TT\$4.25bn in 1981 to TT\$2.69bn

build up of foreign reserves which reached TT\$7.6bn in 1982. Since then the fall in earnings has caused a sharp erosion in the reserves. They fell to TT\$4.9bn in 1983 and to TT\$2.8bn by the end of last

According to Dr Bobb, the fall was necessary to deal with the economic circumstances. "The controlled fall in reserves was an explicit policy choice, that alternative being selected to cushion the decline in economic activity by permitting the country to draw on its accumulated savings to finance current production."

Without such a policy, he said, the decline in economic



But this has been achieved through a reduction in capital expenditure from TT\$3.5bn in 1982 to TT\$1.9bn last year.

It has been detrimental to key sectors such as construction, which fell last year by 13.5 per cent and they contributed to the 1.7 percentage point increase in unemployment, now at 12.8 per

The economy is carrying a balance of payments deficit of TT\$1.7bn—a marginal improvement on the deficit of the previous year, but still TT\$1.2bn more than 1982,

Buyer's market

In efforts to stem the drain on reserves the Government has imposed several measures, in-cluding tighter monitoring of exchange, increased stamp duties on imports, and some restrictions on imports as garments.

"This used to be a seller's market," says Mr Hackshaw. Now it has changed to being a buyer's market." The fall in demand is clear in the movement of consumer durables. Demand for motor cars, locally assembled, has slipped by 20

gested to the private sector that Mr Anthony Jacelon, junior it becomes more involved—an minister for finance, said engine of growth in the recently that there were indicatoring in the fiscal and, as a consequence, the bodget, where the deficit has sector itself needs to adjust to be ment expenditure to the non-oil economy has warned.

gested to the private sector that Mr Anthony Jacelon, junior it becomes more involved—an minister for finance, said engine of growth in the restruction that the recession had engine of growth in the restruction that the recession had been reduced to TT\$1.39h—

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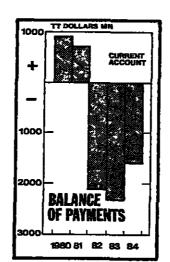
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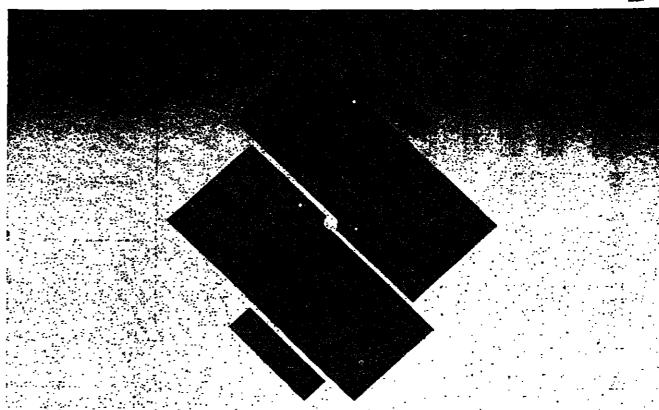
increasing foreign interest in heavy industry, particularly in petrochemicals. With cheap domestic gas, the Government has been increasing its production of ammonia, methanol and urea in new plants constructed with oil revenues. But this is still a weak, unformed leg of the economy. Mr Wendell Mottley, the industry minister, says the investments in heavy industry have a long-term objective.

Agriculture, once the back bone of the economy, was also neglected during the oil boom. The sugar industry recorded heavy losses, had to be sup-ported by the budget, and lost valuable overseas markets. It is being restructured. But it will be some time before the fall in agricultural output since 1981 will be reversed.

Government ministers speak of improving tourism and increasing earnings. But they do not expect this to make more the national economy in the next few years. Despite the enormity of the problems, there is more than a small degree of optimism in both this Govern ment and the private sector that the country can ride the

8.7 per cent of GDP, the 10 years of being overshadowed I hope, controlled recovery of deficit in 1982 was 13.9 per by oil and heavy industry.

1 hope, controlled recovery of the economy."



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Engine loses pulling power

Oil and gas FIONA THOMPSON

THE PETROLEUM industry, which has given Trinidad and Tobago its fat years as the strongest economy in the Carbbean, is now, in leaner times, compalling the country to re-

The industry is, has been for two decades, and will in all probability remain the main-stay of the country's economic growth. But the engine is no longer pulling with the same power, because of the decline in crude oil production, refinery throughput and world prices.

Trinidad, not a member of the Organisation of Petroleum Exporting Countries, is watching the cartel's price movements with concern. A senior civil servant said: This country could be in serious trouble if oil own rational decisions to reduce

dards (personal spending rose by an average 21 per cent a year) and expectations. The which has a capacity of 220,000, Trinidadians also came to see themselves as comfortable benefactors of their economically weaker Carkeom neighbors offshore oilfields.

sufficient crude to match its enhanced refinery capacity while, at the same time, tying up deals that will guarantee a market for the refined product.

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Returns for the signing and the signing and the refined products.

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ropped to just U.S.\$25 a barrel. capacity while simultaneously The affluence of the islands striving to preserve jobs and

is based upon a still substantial but diminishing asset. In the boom, which peaked in 1978, it was the great provider, creating a rapid rise in real national income, living standards (personal spending rose by an average 21 per cent a employees and the refinery, which has a capacity of 220,000

The fall in oil prices meant a drastic loss of foreign exchange and led to a major revision—sooner than could "We didn't want to take over nave been envisaged—of the country's development plan.

The next hom problem for the charge of the ch

market for the refined product.

Trintoc also operates the former Shell refinery at Point
For the Government there is Fortin, which has a capacity of 85,000 barrels a day.

The largest producer operating in Trinidad—Amocosends its crude directly to the U.S. and the two local Trintoc refineries (with their total capacity of 305,000 barrels a day) are now grossly underday) are now grossly under-utilised with crude supplies totalling only 75,000 b/d cur-rently available to them.

Combined throughput has dropped sharply from the 1972 level of 455,000 barrels a day. During the boom years Texaco imported Middle East crude to

imported Middle East crude to process in Trinidad.

In 1983, the National Economic Advisory Council, chaired by Mr George Chambers, the Prime Minister, took a hard look at the future of Point Fortin and recommended its closure. The Government subsequently accepted that case, provided that a replacement industrial plant could be set up capable of providing jobs in a politically significant area. The refinery has about 650 workers.

Tax regime over the last two years," according to the Central Bank. The supplementary petroleum tax (SPT) for land producers was reduced from 35 to 15 per cent of gross income in 1989 and by 5 per cent to 55 per cent for marine producers.

Mr Manning predicts a further improvement in production next year and expresses of tapping new land reserves.

In 1984, the petroleum sector accounted for 85 to 90 per took a hard took at the rithre of Point Fortin and recommended its closure. The Government subsequently accepted that case, provided that a replacement industrial plant could be set up capable of providing jobs in a politically significant area. The refinery has about 650 workers.

It is that equation that makes the proposed ICI methanol plant deal at Point Fortin so attractive to the Trinidad and Tobago government.

Meanwhile, efforts are being made to find additional sources

cent to 55 per cent for marine producers.

Mr Manning predicts a further improvement in production next year and expresses confidence about the prospects of tapping new land reserves.

In 1984, the petroleum section accounted for \$5 to 90 per cent for marine producers.

In 1984, the petroleum section discounted for \$5 to 90 per cent for marine producers.

In 1984, the petroleum section accounted for \$5 to 90 per cent for marine producers.

attractive to the Trinidad and Tobago government.

Meanwhile, efforts are being made to find additional sources of crude from overseas to maintain throughput at a viable level at the Pointe a Pierre and Point Fortin refineries. Mr Walton James, managing director of Trintoc, said: "Obtaining additional crude is vital."

The difficulty has been in any supplier securing terms for end-use of the fuel oil. Negotations with Venezuela, involv-

tiations with Venezuela, involving processing arrangements for 20,000 barrels a day, have been stalled, apparently over the country has," he said.

Talks have also been taking place with Mexico and Ecuador. The arrival in Trinidad this month of the Arab-owned Bank of Credit and Commerce International (BCCI), which has taken over the San Fernandobased Southern Finance Company, has fuelled speculation that Middle East sources of on the bright side, produc-tion this year seems set to exceed the projected output figure of 173,000 barrels a day. If achieved, this would mean an upturn for the second year

in succession.

Returns for the first quarter of 1985 show a figure of 175,700 barrels a day (a total of 15.8m barrels), and more recently production was running at 176,800 barrels a day.

This compares with the 1984 output of 170,000 barrels a day.

However, these levels are significantly lower than those achieved in the late 1970s,

Lower levels

Proven reserves at the end of 1983 stood at 489m harrels, probable reserves at 400m barrels.

There was an upswing in new drilling activity and well completions last year, representing
"the positive response of the
oil companies to changes in the
tax regime over the last two

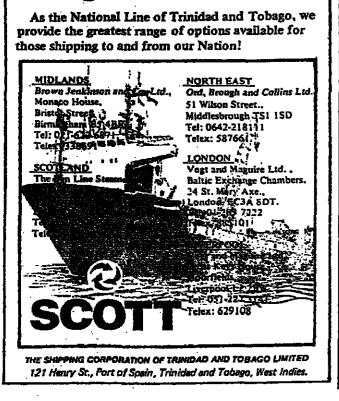
natural gas as the way ahead in the future. "It is the principal resource

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Trinidad and Tobago 4

Exports continue to decline

Agriculture FIONA THOMPSON

TRINIDAD and Tobago has this year achieved its best sugar production for four years, an illusory gain that creates no realistic prospect of restoring the traditional crop to a leading place in the islands' economy.

It is no more than a momentary upturn in an unrelieved pattern of decline. Even Caroni, the state-owned enterprise, acknowledges that sugar will never be profitable and, while trade unionists express doubts about its future, the emphasis now is on main-taining the industry for social and political, rather than purely economic, reasons.

According for more than a decade has recorded declines in virtually every area, includ-ing the export crops of sugar, coffee, and citrus. The one bright spot is a reported upturn in sales of flavour cocoa.

agriculture accounted for only 2.6 per cent of GNP, compared with 5.2 per cent in 1974. Trinidad, a net exporter of food in the 1960s, now imports 75 per cent.

Imports increased from TT\$114m (U.S.\$47.5m) in 1971 to TT\$900m in 1984, leading to pressure for protectionist measures. Mr Kamaluddin Mohammed, Minister of Agri-culture, said last month: "If protectionist barriers are necessary to stimulate local production, they will be introduced."

Mr Mohammed attributes the decline in production to sky rocketing labour costs; the migration of large numbers of people from the countryside to the towns; depressed world prices; and the rising cost of essential supplies.

The sugar workforce, pre-dominantly of East Indian origin due to the great influx of indentured labour during the 19th century, achieved wage parity with public-sector manual workers in the late 1970s, after subsisting for generations on low pay offset by social benefits. Between 1975 and 1982 unit labour costs in the sugar fac-

The Government's development plan for the period up to 1986 states: "In 1983, the price of sugar was TT\$915 per tonne in the EEC markets while the cost of production was TT\$4,500 per tonne."

The report suggests as its objective that output be reduced to the level of local consumption "plus a small margin for occasional exports to neighbouring countries."

this year, Mr George Chambers, the Prime Minister, while acknowledging that the Government could not abandon the industry, said: "We must begin by conceding that, as a major export industry for Trinidad and Tobago at the end of the 20th century, sugar, as we know it, is dead."

The industry has swallowed up steadily increasing subsidies from the Government, rising from TT\$6.2m in 1976 to just over TT\$300m in 1983.

Production this year totalled 92.600 tonnes at midyear end of sz, our formes at mayear end or harvest, the best return since 1981. This apparent upturn is, according to Mr Frank Rampersad, chairman of Caroni, merely a return to stability after four disastrous years plagued by rains, and a spare

culminated in Trinidad's in-ability to meet its EEC quota stands idl of 73,000 tonnes which was cut the year.

tories increased fivefold, in the in 1983. It now stands at 44,500 fields threefold. the country to import in order to support its bid for reinstate-ment. Trinidad is exploring the possibility of refining sugar for its partners in Carlcom.

Mr Mohammed is hopeful that negotiations with the EEC will result in restitution of the quota. However, Mr Rampersad asked what Trinidad could do to achieve reinvestment, replied: "Go down on our knees and

pargin for occasional exports beg."

Description neighbouring countries."

This year the Government in his budget speech earlier announced a major reorganisation of the industry, merging Caroni and the Orange Grove National Estate, another state-owned company.

The crucial aim is to achieve

an annual production of 100,000 tonnes by 1987. Both the Government and Caroni dismiss reports that up to 8,000 jobs will go as a result of the changes, although the company concedes it could operate with only half the present 10,000 workers.

However, the scale of severance payments, the increased capital equipment costs and the social and political implications make such a move unattractive. Mr Rampersad believes a reduction of 1,500 to 2,000 is more realistic.

The Sugar and General Workers Union has submitted of cane fires.

The figure comes nowhere tits own plans for the regeneration of the industry, proposing the sale of surplus land, to raise tonnes. The downward spiral an estimated TT\$500m, and continued to the sale of surplus land, to raise an estimated TT\$500m, and continued to the sale of surplus land, to raise the sale of surp tracting out plant which now stands idle for seven months of

Union blunted

Labour FIONA THOMPSON

MONTHS national strike, called by the Trinidad and Tobago Labour Congress which has traditionally supported the roling PNM party, is a symptom of the disquiet now felt by trade unions. It comes at a time when their power has clearly been blunted. The action is directly linked

by Caroni, the state-sugar company, to appeal against a wage award granted by the country's indus-trial Court. The settlement would cost TT\$147m.

Beyond that single issue there is a wider area of discontent. The labour movement, representing half the 450,000 workforce, has been feeling the pinch as Trinidad has been forced to come to terms with forced to come to terms with

Just as the oil industry led the climb to prosperity, giving rise to improved living standards, unchecked wage increases and a pervading sense of optimism, so has it led the mic downturn.

Retrenchment has become one of the most used words in the Trinidadian vocabulary. One prominent trade union leader estimates that 20,000 to 25,000 jobs have gone since 1979, 10,000 alone in the past year. Government officials indicate that unemployment is now running at a maximum of 14 per cent, a figure regarded as con-servative by the unions, who say 20 per cent is more realis-tic. Wage restraint has also

The Government, the larges single employer, is steadfastly sticking to its 6 per cent offer to 65,000 public servants, in line with the Government's unstated incomes policy. The public employees, whose claim was based on a 40 per cent average increase, are still waiting for settlements after a year of nego-

The Government is in a powerful position because strikes are forbidden by law in the state sector.

gamateu industries car assembly plant at Arima, in northern Trinidad. Workers were locked out last month in a dispute over the timing of severance pay for 323 employees due to lose their jobs at the end of June. Trinidad's unions

divided between the majority and long-established Labour Congress and the Council of Progressive Trade Union, formed in 1970 and spearheaded by the 16,000-strong Oilfields Workers Trade Union (OWTU) Labour's lack of bargaining



and the OWTU ordered a return to work. A threatened general strike failed

The official line voiced by ministers and senior civil servants and echoed in company boardrooms-is that there is a crucial need for a change of attitude to meet the constraints caused by recession. But union leaders claim that all the onus is being put on the workforce

They complain about an absence of consultations and insist that a change of manage-ment attitudes is also required Mr George Weekes, president general of the OWTU, said that the Government had missed a golden opportunity by failing to appoint labour representa-tives to the board of the stateowned oil company, Trintoc, after the Texaco acquisition.



Mr George Weekes, president general of the OWTU: golden opportunity missed by the

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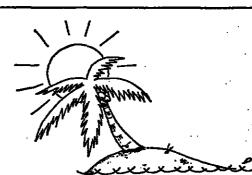
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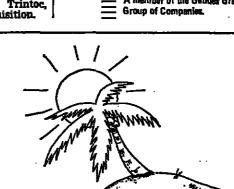
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become an important issue.

There are also signs of unrest in the private sector where, most recently, there has been open confrontation at the Amal-gamated Industries' car assem-

nuscle was graphically exposed last year in a dispute with Texaco, before the government takeover, when all workers submitted an 80 per cent wage claim. The company responded with 5 per cent, which led to scenes of sporadic violence as the strike expanded to other areas, before the Government prevailed upon the company to raise its offer to 13 per cent



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A more painful environment

Private industry

CANUTE JAMES

ECONOMIC CHANGES Trinidad and Tobago over the past three years have forced the private sector into a sharp change in nature and outlook.

In the boom years of the 1970's, when increasing income from oil created en overheated economy, the business community thrived on very high demand. There was little attention to exporting as local demand could not be satisfied.

"If something was properly packaged, it had a market" says Mr Leonard Hackshew, president of the chamber of industry and commerce.

dragon that had tried to slay them. In the years of high earning from oil, they argue, official concentration was on the petroleum sector and on the smokestacks of heavy industry. In emerging from that shadow, they say, they will need time, and government help, to find their feet.

Bank, manufacturing, which has been falking since 1981, declined by 8.6 per cent last

industry and commerce. The sector's activities are concentrated on light industries ranging from motor car assembly, through food pro-

cessing and packaging, to gar-"We are now working to re-orient the manufacturing sector from its concentration on for from an concentration on import substitution to greater emphasis on exporting," said Mr Clive Teelucksingh, general manager of the Trinidad and Tobago Manufacturers' Asso-

has started, but that it has been "a painful process" for many companies. "This is a new companies. This is a new environment for business, and there has been a shakeout which has affected many com-

"There is clearly a need for this increased role in the economy by the private sector," says Mr Wendell Mottley, the industry and commerce minis-

Some business leaders com-plain that they are now being asked to stand in for the dragon that had tried to slay

According to the Central Bank, manufacturing, which has been falking since 1981, declined by 8.6 per cent last year. The distributive trades, thanks to high demand, continued their growth up to 1982, but fell by 18,1 per cent last year because of a reduction in real income.

"Much depends on the capa-city of the private sector export," says Mr Mottley. "And we are stressing exports. We have recently created an Export Development Corporation which is creating the ground for increasing exports in the

The effort was being aided, the minister said, with export credits, export insurance and

Given its recent history, the

the LOME convention and the Caribbean Basin initiative.
The LOME convention is a trade and aid agreement between the European Community and several developing countries, which allows preferential entry to the EEC market. "The sector may not be some to meet these expectations in the short term, but it can certainly do so in the longer term."

Some business leaders complain that they are now being the short term to the short term to the short term. years.
The business community

believes it can meet the new challenges.
"We have started to become

more efficient," says Mr Hackshaw, "We have started to become more competitive and more productive now that we are back to reality."

Joint ventures

In this search for new direc-tions for Trinidad and Tobago's business community, there is a concerted effort to obtain foreign partners in joint ven-

"One of the aims of the tour of the prime minister and business leaders to Europe and the Far East is to prepare the ground for joint ventures with partners who have technology and access to markets," Mr Mottley explains.

Mr Teelucksingh agrees that there is the need for new investment with foreign partners, as there was a demand
for capital inflows through
foreign equity participation in
local business.

Comparisons Government and business

environment for business, and there has been a shakeout which has affected many companies," he explains.

Despite this, the Government is expecting the private sector to change course and help shore up foreign earnings through the concentration on exports.

Given its recent history, the private sector has, understandably, taken time to find its feet.

"The business community has been slow to respond to the new challenges," says Mr mottley. "It has to go through the concentration on tage of the benefits offered by the fact that the country is little chance of us as one of the brightest sectors of the economy. There is much were being aided by shell programme and a loan programme for foreign investors. "This country is cost competitive in production," says Mr Mottley. "But has to go through the chance of us as one of the brightest sectors of the economy. There is much were being aided by shell programme and a loan programme for small business.

"There are clear signs that there is little chance of us as one of the economy. There is much depend on cheap labour."

The fact that the country in programme for small business community investors. "There are clear signs that the private sector can do the programme and a loan programme for small business.

The business community is shell programme and a loan programme for small business.

The business community is shell programme and a loan programme for small business.

"There are clear signs that there is little chance of us as one of the economy. There is much depend on cheap labour."

the business leaders as an incentive for prospective foreign partners. They are, however, asking for the Government to remove some builtin disincentives.

"We would like to see a reduction in the level of bureaucracy and red tape in many agencies, including the industry and commerce ministry and the Central Bank,' says Mr Teelucksingh.

Mr Hackshaw agrees that the bureaucracy is a problem, and adds that there is also a need for the revision of the corporate and personal tax structures "...which are disincenting to problem. tives to productivity."
"The Government must now

also be clearer on just what it wants of the private sector what joint ventures it is inter-ested in and what areas it wants the local business com-munity to concentrate on." For businessmen who need help, the Industrial Develop-ment Corporation is standing ready armed with a range of

"The corporation can grant duty free concessions and tax holidays to businesses, explains Mr Jack de Lima chairman of the IDC

"We are in charge of encouraging new industry in Trinidad, including Tourism, and we have been given the go ahead to build tourist hotels." Mr de Lima says the efforts situation were being aided by



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Foreign interest in joint ventures

Heavy industry

CANUTE JAMES

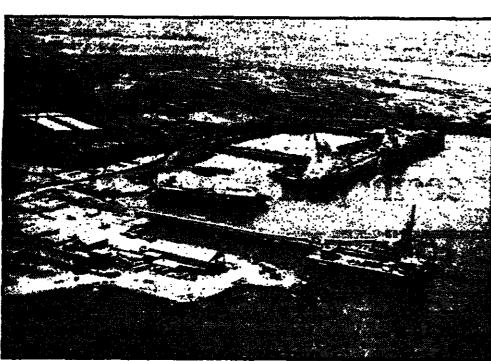
IN AN effort to broades, the base of its oil dependent economy, Trinidad and Tobago is taking an ambitious leap into heavy industry. Cheap domes-tic gas is being used to fire a range of petrochemical plants

The results have been wixed. but according to Mr Wendel, Mottley, the industry minuter, there is significant and growing interest from several large foreign companies been on joint ventures with the Government and local business to build more plants.

"Our investment in heavy industry has been made with long-term objectives," says Mr Mottley, "It is impossible for this sector to reduce significantly our dependence on oil in the short term."

The country's experience in heavy industry is not new, petroleum products have become increasingly important to the economy. The centre of the new effort is a 2,000 acre industrial estate at Point Lisas in southern Trinidad, which is home to two enumeris plants, facilities for producing methanol and urea, and the steel mill,

The flagship of the effort is the steel mill, the Iron and Steel Company of Trinidad and Tobago (Iscott). The plant has had a short and finencially painful history, but has been given a new lease of life with (U.S.\$458m) the mill secured a nagreement in principle by two U.S. companies to manage it in a joint venture with the tonnes of wire rods, becoming



Point Lisss in Southern Trinidad, where a 2,000 acre industrial estate is the focal point of new investment in heavy industry

Government.

The state-owned mill began operations in 1981 with two direct reduction plants with a combined capacity of 900,000 tonnes per year, and with rated annual output of 700,000 tonnes of billets and 600,000 tonnes of

when the Government provided subsidies of TT\$139m.

substates of TTatasm.
The losses led the Government to establish a Cabinet committee to study the mill's future. It recommended that efforts be made to find a foreign partner to manage the plant.
It is this search which ended with an agreement by the Trinidad and Tobago Government with Bechtel Operating Services of California and Laclede Steel Company of Missouri to create an operating

company to lease, manage and operate Iscott.

The Government is to hold a 60 per cent stake in the venture, will provide working capital, and will continue to be responsible for the mill's klabilities.

The remaining 40 per cent holding is shared by the two companies

The Information Minister said that it was expected "that the new company will begin generating positive earnings within the second year of its operations."

The problems of Iscott have tended to overshadow the performance of the other plants which are part of the new effort at industrialisation.

W. R. Grace of New York is deviating the capacity of the

doubling the capacity of the 400,000 forme per year Ammonia plant in which it has a 48 per cent stake, with the Government holding the mar-Government holding the marginal majority interest. The Government is expecting revenues of ITT \$2.5bn during the 15-year operational life of the expanded facility. The plant, Tringen, was brought on stream in 1977, but W. R. Graces involvement in Trinidad's petrochemicals goes back to the 1950s, since when ITT has been operating another chemical interest investors."

"Trinidad has been identified as a major location for petrochemical industries because of its relatively cheap gas," says Mr Mottley. "Those new projects we are contemplating will most likely be joint ventures. and some will involve local private investors."

He said that while the Government controlled the heights of

started production in 1981, and as partners in heavy industry.

plier to the U.S.

Charges of dumping, made by five U.S. steel companies, lost Iscott the market. The plant's financial problems started soon after, with losses of TT\$259m in 1982 and TT\$223m in 1983, when the Government provided.

Government officials say the ammonia plants have been producing at close to rated capacity, and have made Trinidad and Tobago second only to the Soviet Union as a producer

The urea facility at Point Lisas is wholly owned by the Government, the plant, built by Snamprogetti of Italy, has a rated capacity of 1,620 tonnes per day. Production started in 1983, and totalled 163,000 tonnes last year. last year.

Asian markets

January to June output this year is just under 155,000 tonnes, and the increase is the result of new markets in Asia, A contract with China for 40,000 tonnes was followed by one with India for 600,000 tonnes, Agree ment on another 60,000 tonne supply contract was reached with India last week,

The Point Lisas estate is also home to a 450,000 tonne per year methanol plant, owned by the Government and built by the Toyo Engineering Company of Japan. Production last year was 239,776 tonnes, and is running 40 per cent higher this

year.

Plans for further expansion of the industrial estate with the construction of an LNG plant and an eluminium smelter have been shelved.

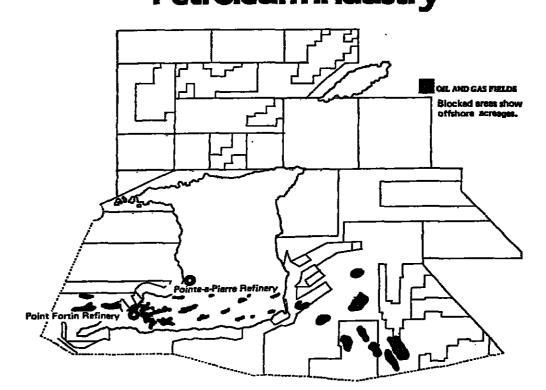
"Trinidad has been identified

operating another chemical ment controlled the heights of company.

The second ammonia plant,
Fertrin, on the industrial estate.

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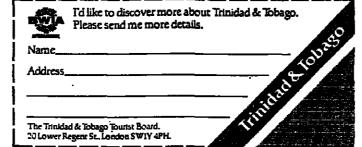
In cosmopolitan Trinidad the spirit of Carnival overflows into long nights of dancing and dining to steelband music.

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Higher priority for dollar earner

Tourism

FIONA THOMPSON

TRINIDAD AND TOBAGO is to develop tourism as a foreign exchange earner. Unlike its Caribbean neighbours, the republic, for reasons of ideology and from a position of relative comfort provided by oil revenues, has for most of the time since independence, been happy to remain aloof and been happy to remain aloof and

off the tourist track.

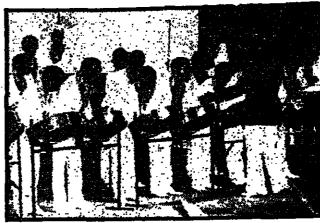
The Government, in its outline development plan for 1983 to 1986, reflects the political sensitivity of the issue, noting the view of opponents of tourist growth who argue that it con-stitutes "a rape of the natural patrimony and the perpetuation of a form of servility inappropriate in the post-colonial period."

The country now, however, has to overcome that reserve and persuade its people that if they want to accept tourist dollars they must also accept some — if not all — of the implications of a tourist indus-

Mr George Chambers, the Prime Minister, last month announced that tourism be accorded high priority and committed his Government to planned development of the market. Incentives for development include tax and import duty exemptions,

In the different economic climate, it is now accepted that there are benefits to be gained. Apart from foreign exchange, there is also the prospect of increased employment in the food production and service sectors, in the construction industry and in much needed improvements of the infrastruc-ture. Tourism contributed an estimated TT\$493.7m to the

wholly government-owned air-line BWIA, people are trying to change their approach to tourism and are seeking to



concert, one of Trinidad's famous Below: a traditional carnival scene



This aspect is crucial and not to be underestimated. Success or failure of the government's attempt to boost tourism depends upon it.

The indifferent performance of the sector is reflected in figures from the Government's Central Statistical Office. In esumated TT\$493.7m to the 1980, there were 199,320 economy in 1983, representing arrivals but of those only 36,140 arrivals but of those only 36,140 were hotel holiday arrivals. According to Mr Ian Betrand, 1984 the number taking hotel managing director of the holidays had dropped to 20,750 - although there was a reported upturn in total incom-

line BWIA, people are trying to change their approach to tourism and are seeking to adopt a positive attitude.

"We are doing as well as can be expected. I think we've got an economic and intellectual acceptance of tourism. The struggle now is over the emo-

figures for 1978 show 66,000 passenger arrivals. In 1980, after widespread cancellations, the figure had plunged to 3,972. The first six months of 1984 saw a slight climback with 4,233 arrivals.

The islands have also been handicapped by the fact that in Tobago—without doubt the more attractive destination for holidaymakers—there are no berthing facilities for liners. Cruise passengers do not appear to take kindly to being set ashore by tender.

There are plans for a deep water harbour at Tobago's capital, Scarborough, where work on the TT\$12m project is to start in November for com-

Tobago's Crown Point airport. The work is essential to BWIA which now is limited to a single weekly direct flight from Miami

weekly direct flight from Miamito Tobago. The improvements will mean that the airline can expand its direct DCB services.

Eventual extension of the runway will make it possible for BWIA's wide bodied Tristar lets, used on the long hand routes, from Canada, the UK and New York, to fly directly to Tobago rather than to Port to Tobago rather than to Port of Spain as now.

BWIA's problems are further exacerbated by an ongoing row with the British Government over landing rights at Heathruw on flights from other Caribbean islands which have designated BWIA as their national carrier.

BWIA's airbridge provides frequent daily flights from Trinidad to Tobago, a 12-minute trip costing TT\$75 return.

The Government also recognized to the control of the cost of nises the urgent need to provide more hotel rooms. In 1983 there were only 2,000 hotel beds and just over 300 guesthouse places available on the twin

Much hope is pinned on Tobago, where, by repute, Robinson Crusoe was cast Tobago, where, by repute, Robinson Crusoe was cast ashore. Projects there include a luxury hotel/conference centre at Rocky Point, on a site owned by the Industrial Development Corporation. That scheme and a second project to build a holiday resort complex on privately owned land at Minster Point will together provide 400 new rooms. vide 400 new rooms.

In addition, a TT\$3m fund was established last year to be administered by the IDC, the Tourist Board, the Development Finance Company, and the Trinidad and Tobago Hotel and Tourist Association, for the rehabilitation of existing hotels in

The beautifully-placed Turtle Beach Hotel on Tobago's Great Courland Bay, a recent bene-ficiary of DFC cash, exemplifies the success of this venture.

Trinidad and Tobago, traditionally known by visitors chiefly for carnival, calypso and cricket, is determined to arrive on the tourist map — but on its own terms.

BWIA's Mr Bertrand said: "I would want the steel band men Another TT\$24.2m is being reaches of the pan rather than spent to resurface the runway always play 'Rum and Coca and build a new terminal at Cola.'"

Society of true cosmopolitans

Culture

FIONA THOMPSON

The "Imperial Amalgam" of races brought together in Trinidad and Tobago is, apart from language, the single most abiding colonial legacy left to the independent Republic. The racial mixture and all the resulting cultural, religious and social distinctions are indealible. social distinctions, are indelible. It cannot be easy to achieve harmony in a nation of about 1.3m where the two major ethnic groups are of black African and East Indian origin, the latter now believed to be additionally the state of the control of the edging into a majority. The population is topped up with

Syrian descent. Any society must be truly cosmopolitan that marks as public holidays Christmas Day; Eid-Ul-Fitr, the Moslem celebration at the end of Ramadan; and Divali, the Hindu Festival of This is a country of cricket and calypso, of the hundu Pundit and the church of the Open Bible, of Indian dances performed to hand-drums and small cymbals, and of Panyards where the steel orchestras rehearse at full volume and pace on carefully tuned oil drums, an instrument created in Trinidad in the late

significant groups of European, mixed, Chinese, Lebanese and

It is not surprising that a degree of tension exists between the two main racial between the two main racial groups. The surprise is, perhaps, that for the most part the different races rub along together. That is the country's policy, expressed in the national anthem: "Here every creed and race find an equal place."

Tension which does arise appears to be cyclical and linked to major political events. When elections—and the interests of the different ethnic populations—are being contested, some of the normally unspoken prejudices seem to come to the surface.

come to the surface.

There certainly are layers of prejudice. But the usually articulate and highly literate people of Trinidad and Tobago find it better, for the most part, that the prejudices should remain private and not openly expressed. The black power unrest of 1970 is an uncomfortable memory. ble memory.

Harmony appears to have its cycles as well. The annual spectacle of Carnival the most extravagant in the Caribbean. ranscends any racial divides. Each year just before Ash Wed-nesday, the "mas parades" bring a feeling of warmth and cheer-ful abandon to the whole com-

country shares in the pointed humour of its calypsonians who keep up a running musical commentary on current affairs.

The best known today is the Grenada-born Mighty Sparrow, celebrated for his calypso, Capitalism Gone Mad.

The unique racial mix of Trinidad is wholly due to its history and the demand from its former colonial masters for im ported labour. The Spanish first exploited native Indian labour and then introduced African slaves in the 17th cen-

By the time the British took Trinidad in 1797, at the cost of only one Spanish soldiers' life, the abolitionist movement. had gathered momentum. The slave trade was abolished 1807 and slavery itself in 1838.

In Trinidad, the persisting demand for labour led to the introduction of immigrants from China and Madeira. Far more were brought from British India. Between 1833 and 1917 when the indentured labour system was abolished, about 145,000 east Indians were stripped to Trinidad.

V. S. Naipaul, the Trinidad-born author who has traced the island's colonial history, says, "in the Trinidad countryside, they created a simple rural India. They were an aspect of the colony. The colony became an imperial amalgam, the empire in little."

Many of the Indians remain in the rural areas. The sugar industry which they were brought across the world to serve, is still very largely an Indian occupation. The islands have predictably an abundance of Indian merchants.

The negro population, has its strongholds too. The police, the oil industry and — overwhelmingly — the army are all dominated by the African

ethnic group.

The East Indians, whose political leaders have remained in opposition since independence seem to regard themselves as the more hardworking and relatively less privileged. Their cultural conservatism, in turn, appears to irritate the Afro-A heated debate has been

taking place recently in newspaper correspondence columns, over the issue of the small amounts of air time devoted to Indian culture, by the state-owned television station. In that case the row revolved

around an opposition group politician Mr Surujrattan Rambachan who first aired the question. He was quickly in trouble — not because he was wrong, but because he men-tioned it at all.

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